CONSUMERS' COOPERATIVES

IN

ANDHRA PRADESH

A THESIS SUBMITTED TO THE BUNDELKHAND UNIVERSITY FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY IN

COMMERCE

BY

Ponnapati Prasada Rao

BUNDELKHAND UNIVERSITY
JHANSI - UTTAR PRADESH - 284001

1990

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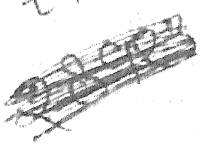

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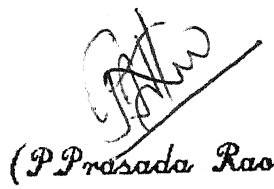
DECLARATION

I hereby declare that the thesis entitled Consumers' Cooperatives in Andhra Pradesh submitted by me for the degree of doctor of Philosophy to the Faculty of Commerce, Bundelkhand University has not been submitted to any other University for this or for any other purpose.



(P Prasada Rao)

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INDIA

October , 1990

Supervisor's Certificate

Certified that the thesis entitled 'Consumers' Cooperatives in Andhra Pradesh', submitted by Mr. P. Prasada Rao for the degree of the Doctor of Philosophy in the Department of Commerce, Bundelkhand University, has been done under my supervision and it embodies the result of bona fide research work.

Certified further that such help or source of information as has been availed of by the candidate in the course of the work has been duly acknowledged.

I recommend that the thesis be sent to the examiners for evaluation.

R. Saxena

(Dr. R.P. Saxena)

Bundelkhand College

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P. Prasada Rao

Date : 1990

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P R E F A C E

In the developing economy of ours, the consumer... facing tremendous problems. They pass through a time of ... and tribulation, especially the low income groups and ... vulnerable sections which form the bulk of the community. ... prices of the essentials of daily life and other con... goods have been rising year after year and that ... enormously. It is true that a trend of rising price... inescapable under a planned economy envisaging ... investment to achieve rapid economic development. But ... the price which people have to pay ungrudgingly in the l... interest of the country that is watched by the consumers.

One of the factors contributing to the unjusti... rise in prices, particularly in times of scarcity and ... emergency situations emanates from the insatiable gree... profit of unscrupulous elements in trade and industry. ... order to exploit the consumers, they hoard and ... artificial scarcity. A few manufacturers monop... production, control trade, fix rates and dictate terms ... their products. These perniciuos trends of business ... their cumulative effect in the yawning of the deficit in ... family budget of the average consumer. Another problem f... by the consumer is adulteration in various forms and de... such as debasement or justification by meddling with ...

P R E F A C E

In the developing economy of ours, the consumers are facing tremendous problems. They pass through a time of trial and tribulation, especially the low income groups and other vulnerable sections which form the bulk of the community. The prices of the essentials of daily life and other consumer goods have been rising year after year and that too, enormously. It is true that a trend of rising prices is inescapable under a planned economy envisaging heavy investment to achieve rapid economic development. But it is the price which people have to pay ungrudgingly in the largest interest of the country that is watched by the consumers.

One of the factors contributing to the unjustifiable rise in prices, particularly in times of scarcity and other emergency situations emanates from the insatiable greed for profit of unscrupulous elements in trade and industry. In order to exploit the consumers, they hoard and create artificial scarcity. A few manufacturers monopolise production, control trade, fix rates and dictate terms for their products. These perniciuos trends of business have their cumulative effect in the yawning of the deficit in the family budget of the average consumer. Another problem faced by the consumer is adulteration in various forms and designs such as debasement or justification by meddling with some

thing inferior or superior or deviation from the demand naive in substance and quality. Substandard goods with short weight and short measurements are sold in sealed containers and packages with wrong description and fraudulent marking of merchandise.

It is in this context that the consumer's movement has assumed much importance. If the consumers can come together and unite together, it is felt they can regulate the prices and provide solution to these problems to a considerable extent. It is in consumer products that the price increases have been heavily felt. A very good opportunity is therefore offered to the consumer movement to show their mettle in dealing with these problems.

In India, the consumer co-operative movement has been recognised as an important element in the planned development of the distribution trade. The Government of India provide financial support through centrally sponsored schemes / central sector schemes for the development of consumer co-operatives to supplement the normal plan resources of the State Government earmarked for the strengthening of the consumer co-operative movement.

In Andhra Pradesh too, attempts have been made to establish the co-operative movement on a sound basis and to strengthen it for stabilisation of prices and for the supply

of consumer goods through public distribution system.

In the present study of 'consumers' co-operatives in Andhra pradesh' the various aspects of these co-operatives are examined. At present the consumers' co-operatives render their services in three tiers in the State of Andhra Pradesh, Viz, i) The Andhra Pradesh Consumer Co-operative Federation Ltd. ii) The whole sale stores /central stores/ Super bazar and iii) Primary consumer stores. In this study the present position of these stores and the problems confronted by them are analysed. The research survey in the form of questionaire conducted by me is indicated in annexures II-IX. This is divided into two parts:-

Part I - deals with the growth and development of these consumers' Stores in Andhra Pradesh and

Part II - deals with some of the specific aspects of consumer's stores.

Part I

Chapter I - ORIGIN,GROWTH AND DEVELOPMENT

Chapter II - WHOLESALE/CENTRAL CONSUMER COOPERATIVE STORES

- growth and development

- progress upto III plan period

- progress during IV plan period
- progress during V plan period
- progress during VI plan period
- Recent development

- Stores at work
  - Number of stores
  - membership
  - deposits
  - government participation
  - reserve fund
  - working and paid up capital
  - sales turn over
  - working result

- Departmental Stores/Sper Bazars/Vibhaga-Vikrayasalalu
  - the beginning
  - progress during the plan period
  - present position
  - review of the progress
  - issues and suggestions

Chapter III - WHOLESALE/CENTRAL CONSUMER STORES - A CASE STUDY OF VISHAKAPATNAM "COOPERATIVE CENTRAL STORES"
  - Introduction
  - Objectives
  - Organisation and Management
  - Oriign and development
  - WORKING

- membership

- share capital

- reserves and funds

- finance

- present position

- issues and suggestions

Chapter IV - PRIMARY CONSUMER'S COOPERATIVE STORES

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- Growth and development

- The set-backs

- Centrally Sponsored Scheme

- Accerated programme

- Public Distribution System

- Finances

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- Issues and Suggestions

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- Growh and development

- Share Capital

- Reserves and Funds

- Deposits

- Appraisal

- Issues and Suggestions

Chapter VI - PUBLIC DISTRIBUTION SYSTEM

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- Finance from the Centre

- N.C.D.C(National Cooperative Development Corporation) Scheme for Rural consumers.

- Central Sector Scheme

- Review of the progress and the present position

PART - II

Chapter VII - ADMINISTRATION AND MANAGEMENT

- Official
- National Level
- State Level
- Regional Level
- District Level

- Non-Official
- National Level
- State level
- Regional Level
- District Level

Chapter VIII - THE ANDHRA PRADESH STATE CONSUMERS' COOPERATIVE FEDERATION LTD

- The beginning

- Objects and bye-Laws

- Membership

- Finance
- Organisation and Management

- Appraisal

Chapter IX - FINANCE

- Need

- Sources

- Government participation

Chapter X - FINANCIAL MANAGEMENT

- Scope

- Financial Planning

- Management of Assets and liabilities

- Budgetary and Inventory Control

Chapter XI - PERSONNEL MANAGEMENT

- Introduction

- Various Aspects

- Governmental Efforts

Chapter XII - AUDIT

- Meaning and Definition

- Objects

- Present setup

- Working

- Various Issues Involved

Chapter XIII- CUSTOMER SERVICE

- Consumer a king

- Various Servides to Customers

- Appraisal

Chapter XIV - CONCLUSIONS AND SUGGESTIONS

CHAPTER I

ORIGIN, GROWTH AND DEVELOPMENT

'Cooperation ' is of Latin derivation. 'Co' means 'with' and 'Operate'means 'to work', thus meaning literally ' to work together'. 'Cooperation is a voluntary union of persons for the purpose of securing savings in production, or marketing or the rendering of other service without assistance from Govt. and upon equitable principles'[1]. Just like an individual conducts his business, a group of persons of a society, determined to work together for mutual benefit, agree to conduct business. The business may be banking, transport, production, distribution or house building but the objective will be to earn profit and distribute it equitably. Thus cooperation is a mutual help and the business is normally conducted by the formation of a society which differs from other modes of doing business in many ways. 'A cooperative society begins in persuasion, proceeds by consent, seeks success by common efforts, incurs risks and shares losses, intending that all its members shall proportionately share whatever benefits are secured[2].

1. Cooperation in Agriculture by H. Clyde Filley

2. Introduction to Cooperation by H.R Crosthwaite

The concept of cooperation is not of recent origin. In almost all the developed countries cooperative movements were started in some form or other hundreds ofyears ago. Raiffeisen and Schulge in Germany, Luggath in Italy and Robert Owen in England are unforgettable names in the history of cooperative movement. In hungry forties of 19th century, the Rochdale Pioneers of England began this movement spreading to all parts of the Europe. Now the movement has penetrated to all fields of business in most of the capitalist and totalitarian countries which is an eloquent testimony to the great triumph of this movement throughout the World.

The history of the movement in India dates back to the 19th century. In 1892, the Govt. of Madras appointed Sir Frederick Nicholson to study the methods of land and agricultural banks which prevailed in Europe and to report how far they could be adopted in Indian conditions. In his report, he recommended that rural cooperative credit societies should be started on the lines of Raiffeisen societies in Germany to provide for credit on reasonable terms and promote thrift among the rural population. In 1901, Lord Curzon appointed a committee presided over by Sir Edward Law to examine the subject. According to the report of that Committee, the cooperative Credit Societies Act was passed in 1904.

In 1914, the Govt. appointed Sir Edward Maclagan to find out further need for improvement in regard to the higher financial structure. He stressed the need for establishment of cooperative societies with spontaneity. In the Montague-Chelmsford Reforms introduced in 1919, Cooperation became a provincial subject and thus various Govts. had to re-examine the position of cooperative movement. Thus the Madras Govt. appointed Townsend Committee in 1917 and the Vijayaraghavacharya Committee in 1939. Many laws were enacted by the Madas Govt. from time to time. In 1925, the Govt. of Bombay, too passed a new Act followed by Bihar, Orissa and Bengal. By 1929, there were 87991 cooperative societies in the country out of which 379 were consumer stores.

When Reserve Bank of India was established in 1935 as the Central Bank for the whole of India, it was intended to assist Cooperative Bank also. Many Committees were appointed in the provinces to suggest ways and means for the reconstruction of the cooperative movement. Rehabilitation Committee of Travancore in 1937, Mehta Committee of Bombay in 1939, and Wace Committee of Punjab in 1939 were some of the achievements of the period.

In 1944, the Govt. of India appointed the Agricultural

Finance sub committee under the chairmanship of Prof. D.R. Gadgil. In 1945 also, a cooperative planning committee was set up by them under Sri R.C. Saraiva for drawing a plan for the future development of the cooperative movement and his report was submitted in 1946.

Thus, till independence in 1947, india was suffering from a stagnant economy sustained by traditional pattern of agriculture and decadent handicrafts with a few industries here and there. Under such shattered economic conditions, people had extremely low level of consumption and a few needs of divergent items of consumer goods. So, economic problems were also relatively insignificant. With the introduction of the First Five Year Plan in 1950-51, an era of planned economic development was ushered in. By the end of the Fourth Five Year Plan, the birth of new epoch was witnessed and a Green Revolution took place with the introduction of modern farming practices aided by chemical fertilisers. During the period of Fifth and Sixth Five Year Plans spectacular achievements have been made in the field of cooperative movement.

Early growth of Cooperative movement in Andhra Pradesh

Andhra Pradesh was formed in November 1956. Prior to this, some of the districts belonged to the Andhra State which itself was formed in October,1953. These districts

were originally parts of Composite State of Madras State. The remaining districts of the existing State of Andhra Pradesh on its formation in 1956 belonged to the State of Hyderebad commonly known as Telangana Districts. To assess a picture of the growth and development of Cooperative movement in general and consumers' cooperatives in parcicular, of Andhra Pradesh, a brief survey of the conditions prevailing in these areas prior to the formation of Andhra Pradesh would be useful.

Of the various kinds of cooperative institutions,the credit organizations are the most important ones established first. There were two kinds of such organizations, short and medium term credit, i.e., those providing loans for periods not exceeding five years and those dealing with long term credit, i.e, loans for period exceeding upto twenty years. These institutions were organized in three tiers. At the bottom are the primary cooperative credit organizations, and then for a district there are the Central Cooperative Banks. Above these banks, there is the State Cooperative Bank at Hyderabad.

Consumer Cooperative Societies in Andhra Pradesh

Of the non-credit organizations, the consumer societies or the Cooperative Stores were the earliest institutions which made their appearance in Andhra Pradesh. Even though

there are many other non-credit organisations such as Cooperative marketing Societies, Cooperative Housing Societies, Producers' Societies etc. Consumer Cooperative Societies became very popular. As already stated, with the dawn of independence, the Indian economy underwent a profound transformation. Irrigation and power projects with long transmission lines resulted in the electrification of more than one lakh villages of the Country. In Andhra Pradesh also innumerable consumer goods industries have been set up to meet the widely expending demands for modern amenities of life. With the advent of Green Revolution, the earning capacities of the average man were considrably enhanced. A smaller trader of pre-independent period has become a flourishing business man. An average entreprenure could become an industrial magnate in a decade. Even in rural areas the big progressive farmers were able to amass enough wealth. In brief, the national income has increased in a spectacular way. For example, in 1951-52, the national income was Rs. 91,000 millions and it became Rs.3,20,000 millions in 71-72.

With all such all round progress, the problems of the consumers were insurmountable. There is a growing discontent and frustration among the consuming public especially the low income groups and other vulnerable

sections which form the bulk of the community. The prices of essentials of daily life and other consumer goods have been rising year after year. The trend of rising prices is inescapable under a planned economy envisaging a heavy investment in irrigation, industries and other developmental activities. Deficit financing has become unavoidable with the resultant inflationary impact on price level.

Apart from this, the insatiable greed for profit of unscrupulous traders, hoarding and profiteering, creation of artificial scarcity are the other means of exploiting the middle and lower income groups. These pernicious trends of business have their cumulative effect on the price structure. Adulteration of food stuffs and oil, spurious drugs, shoddy goods, substandard articles etc. are some of the dangerous features of the business. It is in view of these hazards, that the consumers have been forced to come together to solve their problems and to ventilate their grievances. During scarcity conditions of World War II, there were a few consumer cooperatives in India. Though in the First Five Year Plan, emphasis was made on the establishment of consumer cooperatives, it was during the national emergency in the wake of Chinese War of 1962 that a new development was witnessed. The Govt. of India introduced a centrally sponsored scheme for organising a net work of consumers' cooperatives in towns with population

exceeding 50,000. The AP Govt. also utilised the opportunity and several industrial establishments with more than 300 workers could have consumers' cooperatives in this State. After the devaluation of Rupee in 1966, this movement received an impetus with the introduction of an accelerated programme for covering smaller towns with the consumers' cooperatives. It was followed by the setting up of departmental stores for the distribution of wide range of consumer goods of standard quality at fair prices. In many University Campuses and Colleges Consumer Cooperatives were established.

Other feature of the period was opening of Super Bazars in many centres. The prices in many retail shops were, consequently, reduced at the rates available in super bazars. Some consumers' cooperatives began to set up flour milling, oil milling, cotton grounding etc.

With the abolition of rationing and controls, during 1952-53, there was a reduction of business of stores and this was not a peculiar feature in Andhra Pradesh but it was an all India phenomena. The number of stores in AP came down considerably with consequent fall of membership. So also in the sales turnover of primary stores and wholesales stores, there was a decline. But during the Second Five Year Plan there was a gradual improvement in the position of

Consumer Stores throughout AP. For example, in 1956-57, there were 396 primary stores but the number rose to 539 in 1961-62. The membership also proportionately increased from 72,000 to 90,000 for the same period. The position regarding the wholesale stores also witnessed a similar progress. The main change was noticed in the network of Consumer's Cooperative Stores in Urban areas and this was a source of comfort to the Stores in rural areas of AP.

In Nov 1960, the National Cooperative Development and Warehousing Board appointed a Committee to suggest measures for the development of Consumers' Cooperative movement. In its report, the need for a strong consumers' cooperative movement for the creation of a net work of consumers' cooperation was stressed. It was in this background that a new scheme 'Centrally Sponsored Scheme' was drawn up which became part of Third Five Year Plan. Thus during 1961-62 to 1965-66 several changes took place in the history of consumers' cooperative movement in AP. The liberal financial policy adopted by the Govt. of India with increased involvement by the Central Govt. in respect of consumers' stores brought considerable benefit to AP. Added to this, the State Bank of India agreed to give financial support to the wholesale stores against stocks maintained by them. With regard to procurement of goods and sale of rationed goods, the cooperative stores were treated as Fair

Price Shops. The National Agricultural Marketing Federation (NAFED) which was given import licence for certain goods, supplied commodities to cooperative stores at fair prices. The State Trading Corporation (STC) had also earmarked certain quantity of consumers' goods of sale through Cooperative Stores. Further, a Coordination Committee was also set up at the Centre, in addition to Functional Committee set up by the NCDC (National Cooperative Development Corporation) to review the progress of the programme of consumers' cooperatives. In spite of the initial difficulties both on the organisational and personnel sides, business was promising within a comparatively short span of operation.

In Nov 1965, an Annual Conference was held to discuss the programme for adoption of a sustained cooperation of the people and loyalty of the members. It recommended to launch a membership drive in order to reach the target fixed by the Govt. It is with this positive objective that the National Consumers' Cooperative Federation at National level was established in Nov 1965. At the same time, the State Consumers' Cooperative Federation was set up in Dec 1965.

According to the Fourth Five Year Plan draft published in 1966, an accelerated plan to consolidate, strengthen and expand consumers' cooperative scheme was envisaged. This

was adopted in Andhra Pradesh as applicable to other States. It contemplated a large financial support, along with the opening of new primary and wholesale consumers' stores and strengthening of the National Consumers' Federation as well as the State Level Consumers' Federations.

During 1965-66 to 1967-68 a number of Primary and wholesale stores came into existence. On the whole, 99 wholesale consumer stores and approximately 873 Primary Stores were set up raising the total number of wholesale stores and primary stores to 351 and 13930 respectively by the end of Jun 1968. Thus, the number of wholesale stores and primary stores in the country increased by about 39 % and 7 % respectively. In Andhra Pradesh, there were 24 wholesale consumer stores and 826 primary stores during the same period. The sales turn over of the wholesale stores in the country increased during this period by approximately 19%. In AP also, the sales turn over of wholesale stores was Rs.282 lakhs and that of primary stores was Rs.11.76 lakhs. There was an increase in turn over of both wholesale and primary stores compared to previous years by Rs. 2.45 lakhs and Rs. 4.43 lakhs respectively. (Annual Report of 1968 of AP Govt.)

Though the sales turn over of the primary stores in the country increased during the period by about 13%, the

position in respect of Andhra Pradesh was deteriorating. Some of the reasons attributable to this decline are (1) small size of stores, (2) lack of loyalty among the members (3) competition among private traders (4) malpractices and (5) wrong policies involved in the Stores.

Thus, the huge sums invested by the Govt. of India were consumed by the stores. Almost Rs. 23 crores were sanctioned by the Central Govt. as financial assistance upto 1968-69 for the development of consumers' cooperation. However, till the end of March 1971, there was not much progress. In 1971, a meeting of the Advisory Committee set up by National Cooperative Union of India (NCUI) was held and a sub committee was also set up to visit the Consumers' cooperatives. The main purpose was to study the problems faced by them and to suggest measures for their improvement and further development. As on 30th June 1971 there were 395 wholesale and 13156 primary stores/branches under the Centrally sponsored scheme in the Country. In Andhra Pradesh, there were 21 wholesale stores and 761 primary stores on that date.

The picture of the Consumers' cooperatives in AP from 1969-70 to 1973-74 was gloomy. Though there was some involvement of these cooperatives in the distribution of controlled cloth, levy sugar and food grains under the

public distribution arrangements, the progress was not so rapid. Thanks to the Twenty point economic programme introduced in 1974, there was considerable emphasis on the strengthening of cooperative distribution of consumer articles in Urban and rural areas.

A mention of the Scheme of guarantee which has been in operation by Govt.of India is not out of place here. The objective behind this scheme was to facilitate provision of working capital loans to the wholesale stores, primary stores and to the State and National Federation of Consumers' cooperatives. Initially, it was introduced in May 1966 for the period ending in December 1971. The second phase of the scheme was in force from January 1972 to March 1974. The third phase was notified in March 1974 under which guarantees were approved for Rs. 1536.90 lakhs in favour of 56 societies from April 1974 to August 1976[1]. This scheme is now in its fourth phase and has to remain in operation till March 1984. This facility is now being availed by the AP State Consumers' Cooperative Federation and some of the wholesale/Central Stores also.

In the conference of State Ministers of Cooperation held in 1973, the position was reviewed with a view to

1. Report 1980-81 Govt of India - Ministry of Civil Supplies New Delhi -1981 P.49

strengthening the competitive power of consumers' cooperations and making available unadulterated goods of daily consumption to consumers. This would foster industries in certain areas. The Fifth Year Plan also stressed the need for setting up small processing units by consumers' cooperatives. By the end of June 1974, the total sales turn over of wholesales stores in India was Rs.23508 lakhs while in AP it was Rs. 2001.23 lakhs. Regarding primary stores, it was found that the total sales during 1974-75 were for Rs. 254 crores for the whole country while in AP it amounted to Rs. 6.34 crores. About 70% of the business of primary stores in the country was of controlled articles and 30% of the business related to non-controlled commodities while in AP, more than 75% of the total sales were of controlled articles alone.

In 1975, the Deptt. of Civil Supplies and Cooperation, in consultation with the Ministry of Education requested all State Govts. to arrange supply of essential consumable articles to university and degree college hostels through Cooperative consumer institutions in selected cities in the country. Soon after the announcement of the twenty-point economic programmes, the scheme was expanded to cover students and hostels in Universities and degree colleges and others having a population of one lakh and more.

Role of National Cooperative Development Corporation (NCDC) towards Rural Consumer Programme

The National Cooperative Development Corporation set up in March 1963 is charged with the responsibility of planning and promoting country wide programmes through Cooperative Societies in the Production, Processing, Marketing, Storage, Foodstuffs and notified commodities. It is essentially a promotional and development corporation. In the Fifth Five Year Plan much emphasis was made to expand consumer business in rural areas through cooperatives. It was felt that the capital base of cooperatives at grass root level should be strengthened so as to enable them to expand the consumer business in rural areas. In 1975, around 40,000 service cooperatives and 1500 primary marketing societies were engaged in distribution of consumers' articles in rural areas as retailers. They dealt in a few items and their annual turn over was roughly Rs. 400 crores. For the country of the size of India where there are 6 lakh villages with population of 500 millions, the retail business through cooperatives in rural areas was very insignificant. It was with this intention that there was a need to activise service cooperatives and marketing societies in this field by providing them suitable financial aid and business facilities. There was a need to tie up their retail sale with wholesale within the cooperative sector. Rural

cooperatives were suffering from lack of adequate funds and suitable guidance to handle consumer business.

In the wake of these conditions, the National Cooperative Development Corporation formulated a scheme for development of rural consumer programme by providing financial assistance to cooperatives and launched it in January 1976. The scheme attemps to organise the rural consumer sector on systematic lines. The whole progrmme had to be implemented on project lines. A project consists of a 'lead' society which may be a primary marketing society or a wholesale consumer store and a group of 15 to 20 service cooperatives clustered around the lead society. A lead society is expected to arrange supplies of essential consumer articles to service coopertives called 'link' societies. Both lead and link societies get additional Share Capitial under the scheme which serves as margin money to raise working capital finance from the cooperative bank. The lead society is expected to deliver goods to the door steps of link societies in an organised way. In 1978, the NCDC suggested to the Govt. of AP to implement the scheme in an integrated manner so that compact areas like the whole district may be covered under this programme so that a package of services could be introduced and impact of the development assessed[1].

1. Extract of address by Sri V.B. Mathur,M.D, NCDC at the First all India conference on distribution of consumer articles in rural areas through cooperatives - reported in Tamil Nadu Journal of Cooperation, May 1979.

It can be seen that the consumer cooperative movement has been recognised as an important element in the planned development of the distribution trade. The large net work of consumer cooperatives strives to ensure equitable distribution of scarce goods and exert a healthy influence on price structure, quality and service to the customers. The Govt. of India provide financial support through centrally sponsored schemes/Central sector schemes for the development of consumer cooperatives to supplement the normal plan resources of the Govt. of AP earmarked for the strengthening of the consumer cooperative movement.

Urban Cooperatives

Under the Centrally sponsored schemes for development of Consumer Cooperatives in urban areas, assistance is provided to better working societies for expanding their net work of branches by opening retail outlets (small/large sized) and departmental stores. Mobile van shops are set up in the towns having a population of more than 8 lakhs. In respect of societies incurring losses but having growth potential, rehabilitation assistance is being considered.

Rural Cooperatives

For the past about two decades rural consumers' programme continued to cover more rural areas through village

societies. Particularly for the weaker sections financial assistance is provided by the Govt. through the National Cooperative Developoment Corporation (NCDC)

The Consultancy, and Promotional Cell of NCCF, set up in 1972[1] with financial assistance from Govt. of India, consists of specialists and professionals in the field of consumer cooperative for providing expert management services of the consumer cooperatives. The Head Office at Delhi with the regional offfices throughout the country is rendering a valuable service. To enable the consumer cooperative stores to increase their economic trading and operational organisation efficiency, this cell has drawn up operational and business procedures, guidelines and norms. One contribution of the cell is to suggest the mode of self service system to develop a greater degree of awareness among consumer cooperatives. All such benefits are therfore open to the consumers of this state, provided they are utilised by members of the societies.

The role of the consumer cooperatives of Andhra Pradesh in public distribution system launched by the Govt. of India in 1962 is very significant. Through the Cooperatives, the public distributive system (P.D.S) has been able to penetrate into the rural as well as urban areas and

1. Annual Report 1985 -86 p.p 28-31

simultaneously provide service to the vulnerable sections of the society. The Govt. of Andhra Pradesh have also provided support and assistance through various agencies like Food and Civil Supplies Department and consumer cooperatives at State, District and Taluka level. The Andhra Pradesh State Consumer Cooperative Federation is also playing a predominant role in the State as it is functioning as the feeder agency at the State level for arranging supplies of commodities to the cooperatives. These consumer cooperatives rendered valuable assistance in distributing controlled items of goods to rural and urban areas.

One of the great services rendered by the cooperatives is arresting the prices of the essential commodities. A review of the working of the consumer cooperatives of Andhra Pradesh has disclosed the fact that this was achieved to a considerable extent. It is impossible to bring down the prices of the commodities in any dispensation becasuse of various reasons such as growing population, inadequate supply of consumer articles, non-availability of commodities owing to floods, cyclones and other natural calamities , absence of transportation facilities etc.

Consumers' Protection:- The traders, on the other hand, are well organised to promote and enhance their selfish interests, unlike the consumers, they are able to

unite for exploiting the public. In the words of Adam Smith, the reputed economist[1], "People of the same trade seldom meet together even for merriment and diversion, but whenever they meet, their conversation ends in a conspiracy against the public or in some contrivance to raise prices".

There are many other hazards to the consumers such as alarming trends of adulteration of commodities like oil,drugs, flour, chillie powder and substandard medicines, short weights and short measures, and environmental pollution. Though 'consumer is the king' or 'consumer is always right', in experience he is faced with much exploitation in the hands of unscrupulous traders and deceitful middlemen. In such extraordinary circumstances the consumers require protection and to ensure this, they must come forward to work constructively in a democratic manner and they should not entirely depend upon Government measures. So, the consumer protection measures are to be adopted and they should aim at assuring to the consumers (a) the right to safety against the marketing of goods which are hazardous to health and life (b) the right to be informed of the correct and true quality of the materials sold (c) the right to choose ie, to be assured of choosing a variety of materials and services at competitive rates and (d) the right to be heard, so that

1. Quoted by Sri. A Sarkar " Consumer problems and consumer Protection in India " - ICA Conference in Oct 1974

the interest of the consumer will receive due and sympathetic consideration in the formulation of Government policy.

In India, there are some provisions to safegaurd the interests of the consumers. In Andhra Pradesh voluntary organisations like consumer Guidance society of India, All India Consumers' Union, Hyderabad, Vishaka Consumer Council, Vishakapatnam, National Institute of Consumer Studies, Hyderabad etc. are actively associated with the development of consumer protection movement. The National Institute of Consumer studies is also involved in the task of educating consumers of their rights and is acting as a consumer protection agency. Further, village level food Committee in Anantapur district and consumer protection movement in East Godavari District were set up sometime ago as a part of the consumer protection movement.[1] These Committees and Councils have brought to the notice of Government Offices deficiencies and irregularities noticed in the PDS. The district level councils have area Committees in towns which meet periodically to discuss problems encountered in the working of the system. Added to this, the Vigilance Cell of the A.P State Govt. also keep a close watch on the

1. Evaluation Report on Essential Supplies Programme, Planning commission, New Delhi. February 1985.

working of the fair price shops, kerosene depots, rice mills, groundnut factories, etc.

Women in Andhra Pradesh are also found to be associated with consumer protection work. In the district, taluka and village level ,food Committees, women have representation. In East Godavari District out of the total number of 210 members of the District Consumer Council, 30% are women members. In A.P., the Panchayats have also created a consumer awareness as the voluntary organsiations have done. In Anantapur and East Godavari districts, the village sarpanch worked as President of village Food Advisory Committee which looked after the distribution of rationed commodities by the village fair price shops. The allotment of different Commodities obtained by the fair shop and their quantities distributed by it during a month would be reported by it to the village Panchayat to enable the latter to give wide publicity to the receipt and distribution of the Commodities and to create necessary consumer awareness about the PDS.

Many States in India including Andhra Pradesh have adequate legal provisions to ensure the prices and the quality of essential commodities made available by the Consumer Cooperatives through the PDS. Since the commencement of the new 20 point programme in 1982, the A.P.

Govt. have made a review of the existing legal framework regarding it.

There is ample provision to ensure the quality of essential commodities and their prices and the Govt. of Andhra Pradesh is responsible for adhering to the enforcement of provisions of the Essential Commodities Act, 1955 and 1981. The Weights and Measures Act is yet another act to protect the consumers and the Govt. is bound to enforce the provisions thereof in this State.

PRESENT POSITION

As a result of various organisational and promotional efforts made since the end of 1962, a country wide institutional framework of consumers has been built up. At the national level, the National Consumer Cooperative Federation as an apex body of consumer movement was established in 1965 as a non-official body. Similarly, for every state there is a State Federation as the apex body at the state level. For Andhra Pradesh, the A.P. State consumer's cooperative Federation Ltd. (Fedcon) was established in 1966 and it has at present 58 members. Its main object is to coordinate and facilitate the working of affiliated consumer's Central Cooperative Stores and to assist in the promotion and Organisation of Cooperative

Consumers' Stroes. As on 31.3.90[1] it has Rs. 65.83 lakhs as Share Capital, Rs. 183.80 lakhs as working capital out of which an amount of Rs. 59.61 lakhs has been received from the Govt. of AP as assistance. The purchase during this year was Rs. 1035.72 lakhs and sales amounted to Rs. 1035.72 lakhs.

As on 31.3.1990, there are 31 wholesale/Central stores/Super bazars in this state with a membership of 1.88,272. It has a share capital of Rs. 172.79 lakhs and a working capital of Rs. 468.06 lakhs. Financial assistance of about Rs. 280.43 lakhs has been received from the Govt. of Andhra Pradesh. These wholesales stores have about 184 fair price shops at present and their business turn over for the year is to the tune of Rs. 2379.30 lakhs having sales about Rs. 2270.80 lakhs.

The Primary consumer stores, the last tier of the system have 1109 stores as an 31.1.1990 with a total membership of 5,92,083 having a share capital of Rs. 428.13 lakhs. The working capital is Rs. 649.01 lakhs out of which a sum of Rs.117.42 lakhs relates to Govt. assistance. The business turn over for the year 1989-90 upto Jan. 1990 was Rs. 5012.10 lakhs and sales were to the tune of Rs.4134.91 lakhs.

1. Data collected from the Office of the Registrar of Cooperative Societies, Andhra Pradesh, Hyderabad.

With all the flourishing conditions of the Consumer Stores in Andhra Pradesh, they are not without problems, difficulties and hindrances for a steady growth. In the subsequent chapters these aspects are dealt with indicating the remedial measures for their continuous growth and progress.

"The Consumers are everybody. Almost everything that is produced, is produced to be consumed. Justice is, perphaps, most possible in that society in which each person is a producer and a consumer to an equal degree. He who produces more than he consumes is robbed of something. He who consumes more than he produces steals from somebody"[1]

1. What is Cooperation ? by James Peter Warbasse.

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CHAPTER II

WHOLESALE/CENTRAL CONSUMERS' COOPERATIVE STORES/ SUPER BAZARS

The consumers' cooperative movement in Andhra Pradesh is functioning in three tiers, viz. Andhra Pradesh Consumers' Cooperatve Federation (Fedcon), Wholesale/Central Consumers' Cooperative Stores/Super Bazars and Primary Cooperative Stores. In this chapter, the growth and development of the wholesale/central Stores are discussed in three parts, namely, (i) Wholesale/Central Stores, (ii) Superbazars and (iii) Problems connected with these Stores and suggestions for their improvement.

ORIGIN, GROWTH AND DEVELOPMENT

There was only one wholesale cooperative store in the year 1941-42, which had membership of 206, share capital of Rs. 0.23 lakhs and sale turnover of Rs. 0.70 lakhs. The number of Stores increased to 9 in the year 1942-43 and to 10 in 1949-50. Most of these wholesale/central consumers stores, it may be said, were products of needy conditions. They did very good business in the matter of distribution of essential commodities during this needy period. However, after the introduction of the system of central and rationing by the government, the business had slackened.

The following table shows the progress of membership in wholesale/central stores of Andhra State[1] during the years 1942-43 to 1950-51.

Andhra State was under Madras Presidency prior to its formation; Andhra Pradesh (Andhra , Rayaleseema Telangana) was formed on 1st November 1956. See report on the working of cooperative societies in the Andhra Pradesh state for the cooperative - years ending 30th June 1959 page 26.

TABLE II- 1

Wholesale Stores in Andhra- Progress of membership during 1942-43 to 1950-51.

Years	Number of Members	No. of Stores	Share Capital (Rs. in Lakhs)
1942-43	2141	9	2.60
1943-44	3091	9	5.89
1944-45	3548	9	7.81
1945-46	3891	9	7.39
1946-47	4188	9	9.94
1947-48	4338	9	11.24
1948-49	4675	9	11.22
1949-50	4931	10	11.39
1950-51	5123	10	11.35

Source NCCF of India Ltd (Indian Consumer Cooperation)New Delhi.

The above table reveals that the number of members which was 2141 in the year 1942-43 increased to 3891 in the year 1945-46, but with the policy of re-imposition of rationing, there came a gradual increase during the year 1946-47 and the membership jumped to 4198. The number of societies did not increase accordingly.

During the year 1950-51 the membership increased to 5123 and the number of societies also increased to 10. But the share capital was Rs. 11.35 lakhs only.

Conferences of Andhra Pradesh Consumer's Cooperative were held to consider the alarming results of the de-control and de-rationing policy of the Governments. Much concern was expressed over the sad state of consumer's cooperatives, besides, a number of useful recommendations were made. Even then, these conferences failed to appreciate the fundamental problems of the consmers' cooperatives of the state. Their recommendations were not exhaustive and left much to be desired for the reorganisation of the stores on a satisfactory basis.

The following table gives the position of wholesale stores in Andhra Pradesh during the year 1956-57 to 1959-60.

TABLE NO II -2

PROGRESS OF WHOLESALE STORES IN A.P (FROM 1956-57 TO 1959-60)

Particulars	1956-57	1957-58	1958-59	1959-60	
1. No. of Stores	2	2	6	6	
2. Membership	824	821	3641	4721	
3. Working Capital	18.25	16.82	19.20	21.48)	
4. Reserve Funds	1.68	1.68	6.08	6.05)	Rs in
5. Sales	32.27	26.32	38.31	48.38)	lakhs
6. Losses	0.70	1.08	4.06	3.42)	

Source: Compiled from the Records from the Office of the Registrar of Cooperative Societies, Hyderabad

The above table reveals that the progress of wholesale stores during the year 1956-57 to 1959-60 was not satisfactory or rather deteriorating. In 1950-51, the number was 10 but in 1956-57 it was 2 only. The number of stores which was 2 in the year 1956-57 however increased to 6 in the year 1958-59. But actually all the stores were not functioning properly.

In 1956-57 the total number of members was 824, which came up to 4721 in the year 1959-60. Thus there was a

increase of 487% in the membership as compared to 1956-57. Working Capital also increased simultaneously. In 1956-57 the total amount of working capital was Rs.18-25 lakhs which came down to Rs. 16.82 lakhs in the year 1957-58 but again increased to 21.48 lakhs in the year 1959-60.

The sales turnover of these stores which amounted to Rs.22.27 lakhs in the year 1956-57 increased to Rs.48.38 lakhs in the year 1959-60. The sale per wholesale store during this period was Rs.8 lakhs.

It may be mentioned that the wholesale/central consumers'stores in Andhra Pradesh could not receive much attention during the IInd plan period [1], and their progress was slow. An idea of the position of wholesale stores during 1959-60 to 1961-62 can be had from the following table.

1. Report on the working of Cooperative Societies in Andhra Pradesh state for the Cooperative year ending 30th June 1964. Page 80

TABLE II - 3

POSITION OF WHOLESALE STORES [From 1959-60 to 1961-62]
(Rupees in Lakhs)

YEARS	WORKING CAPITAL	SHARE CAPITAL	RESERVES & FUNDS	BORROWINGS
1959-60	21.48	0.78	6.05	1.72
1960-61	28.21	1.02	6.08	2.21
1961-62	42.09	1.80	6.89	2.83

Source : Compiled from the Office of the Registrar of Cooperative Society, A. P Govt. Hyderabad

The above table, with regard to the development of wholesale consumers' cooperative stores in Andhraw Pradesh reveals that some progress was made during the period 1959-60 to 1961-62. The amount of working capital of these wholesale stores, reported in the year 1959-60 was Rs. 21.48 lakhs and it increased to Rs. 28.21 lakhs during 1960-61 and again increased to Rs. 42.09 in the year 1961-62. The amount of the Share Capital, reserve and funds and the amount of the borrowings also increased in the year 1961-62.

PROGRESS UPTO III PLAN PERIOD

Progress: In November 1690 a committee was appointed by the National Cooperative Development and Wareshousing Board [NCDWB] to suggest measures for the development of consumers cooperative movement. The committee gave significant movement and to make it a force in the countrys' economy. The centrally sponsored scheme has been largely planned in the light of the recommendations and findings of this committee. The 3rd Five Year Plan included a scheme for organisation of consumers' cooperatives with financial assistance which was to he started by centre and the states. The progress in the implementation of the scheme has been slow. Following the declaration of the National Emergency in October 1962,the Government in November 1962 sanctioned a centrally sponsored scheme for the organisation of a new-work of consumer cooperatives in all important towns and cities in the country, so as to ensure an equitable distribution of consumer goods at fair prices especially in the urban areas, and thus to exert a healthy impact on the rising price-line. It was only in 1962 when as a part of the 3rd Five Year Plan, the Govt of India drew up and implemented the scheme popularly known as centrally sponsored schome, under which the organisation of 200 wholesale stores and 4000 primary stores or branches of

wholesale stores were planned all over the country. In order to make primary stores economically viable, it was assessed that for every 20 or more primary consumer societies there should be a wholesale store, to supply goods to the primaries. The wholesale stores were also allowed to open their own branches in areas where no primary societies were in operation. The organisation of the primaries into a federal pattern was also stressed in the Centrally Sponsored Scheme (CSS). As per recommendations of the committee on consumers' cooperation (1960) the branches of wholesales stores were to be converted into primary societies as early as possible. It may be mentioned that the branches of wholesale stores could not work as primary societies. The centrally sponsored scheme(CSS) provided for financial assistance by the Central Government totalling about Rs.10 crores to the wholesales, primary stores and federation of the state. The Central Government channelled its finance through the National Cooperative development and Warehousing Board, which in turn channelled the finance through the cooperative Department of State Governments.

An idea of the position of wholesale/Central Consumers' cooperative stores in Andhra Pradesh during 1963-64 to 1965-66 can be had from the following table.

TABLE II - 4

Position of wholesale /Central Stores in AP from 1963-64 to 1965-66 (Rupees in Lakhs)

Year	Total No of stores	No of new stores	Member ship	Average per store	Paid up share capital	Average per store	Work ing Capital	Average per store
					Rs	Rs	Rs	Rs
1963-64	11	-	11,288	1026	16.23	1.47	49.84	4.50
1964-65	13	2	28,585	2198	19.88	1.53	52.71	4.05
1965-66	14	1	31,107	2221	25.51	1.67	66.32	4.72

Source: Data compiled from the office of the Registrar of Cooperatives, Andhra Pradesh Hyderabad.

The progress upto this period of the wholesale stores was too slow, but under the centrally sponsored scheme after the Chinese aggression in 1962, the progress of wholesale stores was in process. Thus the wholesale/central consumers' co-operative stores with a network of branches, as a state policy had been setup in all big cities in A.P with a population of 50,000.and above. It is needless to say that holding of price-line was most essential during the national emergency. Accordingly, the above mentioned scheme was launched in five towns of this state in the year 1962-63

The above table reveals that the number of wholesale stores in the year 1963-64 were 11 and the average paid up capital per store was Rs 1.47 lakhs. It however increased in

1964-65 to Rs 1.53 lakhs. It increased again to Rs.1.67 lakhs in the year 1965-66. The amount of working capital, paid up capital, as well as number of their members also increased during this period.

The following table shows that yearly progress of business done by the wholesales or Central Stores during the period mentioned below.

TABLE NO. II -5

SHOWING THE PROGRESS OF SALES FOR 1963-64 AND 1965-66.

(Rs.in lakhs)

YEARS	SALES TURNOVER
1963-64	93.55
1965-66	375.56

Source: Data collected from the office of the Registrar of Cooperatives A.P. Hyderabad.

During 1963-64 it increased to Rs 93.55 lakhs and during 1965-66 it increased to Rs.375.56 lakhs. There was a rapid increase in sale turnover.

Thus, it may be said that the progress of wholesale stores up to 1963-64 was not much and also was not very encouraging in A.P. The Implementation of centrally

sponsored scheme enabled many new wholesale stores to function and thus the business operations of the stores increased.

PROGRESS DURING IV FIVE YEAR PLAN PERIOD

In the year 1966-67,consequent on devaluation of Indian rupee, Government of India introduced an accelerated programme for strengthening consumer's movement in the country by organising central stores in all districts,[1] so that the consumer co-operatives, could make an appreciable impact on the retail trade and function as a permanent instrument for arresting rising prices. Thus the consumers' co-operatives assumed importance and high priority again in the Central Government plans. According to the accelerated plan[2]

- a prescribed number of new wholesale stores and primary stores, along with departmental stores were to be organised;
- to strengthen the share capital of the federation, Government guaranteed scheme was launched:
- to strengthen the Supervisory personnel and to take up a large programme of training; and
- to build central purchases and sales organisation

1. Report on the working of the Co-operative Societies in Andhra Pradesh State, for the year 1971.
2. Cooperative policy and programme-1966, National cooperative union of India. PP.223-224

The Government under the accelerated scheme provided financial assistance of approximately Rs.130 millions. As a part of the accelerated scheme. Some of the wholesale stores were to be set up to cover the Universitites and colleges for the supply of books, stationery and other essential requirements of students and teachers. In addition to this, during this period the wholesale stores were also given Rs. 4000 as managerial subisidy subsidy under centrally sponsored scheme.

From the following statistical data for four years from 1966-67 to 1969-70, it will be seen that the number of wholesale stores, their sales, membership, working capital, the reserves and funds showed encouraging trend.

TABLE NO. II - 6

Wholesale/ Central Consumers' Co-operative Stores in Andhra Pradesh

(From 1966-67 to 1969-70)

PARTICULARS	1966-67	1967-68	1968-69	1969-70	
1. Number of stores	24	24	25	24	
2. Membership	68,539	71,450	63,357	68,320	
3. Paid up share Capital	37.68	58.85	62.91	63.79	Rupee in lakh
4. Reserves & funds	6.01	9.68	11.00	12.68	
5. Working Capital	69.70	94.31	128.31	137.82	
6. Sales	662.00	563.80	693.60	679.21	
7. Annual average sales per store	67.68	23.45	27.74	28.30	
8. Number of stores running on profits	6	8	7	6	
9. Number of stores incurring losses	18	16	18	18	

Source : Data compiled and calculated from the office of the Registrar Cooperative services, A.P Hyderabad

From the table No. II- 6, it is evident that the number of wholesale stores did not increase during 1967-68, but the number increased to 25 in the year 1968-69 and again declined to 24 in the year 1969-70.

The membership of these wholesale stores did not increase regularly in this period. In 1966-67 the total membership was 68,539 and in 1967-68 it increased to 71,450. Suddenly it came down to 63,357 in the year 1968-69, but increased to 68,320 in the year 1969-70.

The amount of paid up capital of these wholesale stores increased during this period. In 1966-67 the amount of paid up capital was Rs.37.68 lakhs. It increased to Rs. 58.85 lakhs in the year 1967-68. Again it increased to Rs.62.91 lakhs in the year 1968-69 and again Rs.63.79 lakhs in the year 1969-70. The amount of the paid up capital increased as compared to previous year. The increase in the share capital was due to mobilisation of resources from the members and the Government contribution.

The amount of working capital in the year 1966-67 was Rs. 78.69 lakhs which increased to Rs. 94.31 lakhs in the year 1967-68 which again increased to Rs. 128.31 lakhs and Rs. 137.82 in the years 1968-69 and 1969-70 respectively. With the above figures,it may not be concluded that the

profitability of the stores has been reduced during this period.

The total sales of wholesale stores, during 1966-67 were to the extent of Rs 662.00 lakhs (Rs.27.58 lakhs per store) which declined to Rs.563.80 lakhs in the year 1967-68 and increased to Rs. 693.60 lakhs during 1968-69 and again came down to Rs. 679.21 lakhs in the year 1969-70. Thus the average sale per store in the year 1967-68 came down, to Rs 23.45 lakhs and during the year 1968-69, it increased to Rs 27.74 lakhs per store and to Rs. 28.30 lakhs in the year 1969-70.

As a result of the increase in management costs, the amounts of profit in the stores were reduced and the losses increased.[1]

During 1966-67, out of the total number of 24 wholesale/Central Stores; only 6 were running on profits; with some state patronage the number of wholsale stores running on profits increased to 8 in the year 1967-68 and they were reduced to 7 and 6 in the years 1968-69 and 1969-70 respectively. But the number of these running on losses was 18 during the year 1966-67. But it came down to 16 in the year 1967-68. It again increasd to 18 and

1. Report on the working of the cooperative Societies in Andhra Predesh. AP Government AP (Hyderabad - 30th June 1971.

remained the same in the years 1968-69 and 1969-70 respctively.

Thus the net result of operations of the wholesale stores shows that the number of stores which incurred losses was continuing during 1969-70. In many cases the losses were caused by adverse fluctuation in the prices. However, apart from such cases of genuine trading losses, there were many other cases in which the losses appear to have been mainly caused by the different factors as under[2]:

1. Decline in sales turnover without corresponding reduction in cost of establishment and other expenditure.
2. Credit sales to Primaries, resulting in a large outstanding dues from them.
3. Indirect or malafide purchases resulting in over-stocking.
4. Pilferages and shortages.

The amount of reserves had increased to Rs. 12.68 lakhs in the year 1969-70 as compared to Rs. 6.01 lakhs in the year 1966-67.

With the analysis of the above data it can be said that the efficiency of the wholesale stores in Andhra Pradesh during the years under study, in regard to the sales,

1. Agenda Notes : Conference of Ministers of Cooperation July 1969- New Delhi

working capital, etc, however indicates a declining trend partly due to deteriorating operational result, leading to reduced gross profits and partly due to increase in the cost of management due to increase in salary, rent and other expenses.

PROGRESS DURING V PLAN PERIOD

The following is the table giving trend of progress of wholesale stores in Andhra Pradesh during 1970-71 to 1974-75.

TABLE II - 7

Progress of wholesale/Central consumers stores in AP (From 1970-71 to 1974-75) - (Rupees in Lakhs)

Particulars	1970-71	1971-72	1972-73	1973-74	1974-75
1. No of stores	24	24	24	29	31
2 a) Individuals membership	59043	73338	87877	94604	110619
b) Member societies	465	609	966	819	863
Total membership	59508	73947	88843	95423	111482
3. Paid up share capital	45.12	89.83	93.93	102.61	155.27
4. Reserves and funds	14.68	16.31	38.86	47.16	59.46
5. Working Capital	158.51	283.79	347.89	515.16	594.51
6. Sales	932.36	949.58	971.75	2001.23	3000.00
7. Cost of management	20.54	47.97	65.01	71.55	79.54
8. No of stores on profits	7	7	7	14	17
9. No of stores on losses	17	17	17	15	19
10. Average sales per store	38.84	39.56	40.49	69.08	83.33

Source : Data compiled and calculated from the office of the Registrar, cooperative Societies, AP Hyderabad

After 1969-70, the position of the wholesale stores was not improving. Despite large sums contributed by the state, the wholesale stores did not return proportionately. Stress was laid primarily on consolidation of existing consumer cooperatives.(12) Twelve new wholesale stores had been set up during 1974-75. From the above data it is clear that the number of wholesale stores during 1970-71 to 1972-73 almost remained stagnant, but increased during the year 1973-74 to 1974-75. In the year 1973-74 five more wholesale stores were set up and it increased to 31 in the year 1974-75. The increase was due to large sums contributed by the State Govt.

The number of members in year 1970-71 was 59508 which increased to 73947 in the year 1971-72 and again with the implementation of PDS (Public Distribution System) or the distribution of controlled cloth etc; the number of individual members as well as Institution members increased. Thus in the year 1972-73 the total membership came up to 88,843 (individuals) 87,887 and Institution members 966) and again increased to 95423 in the year 1973-74. This shows an increase of 87% as compared to the membership of 1970-71.

The amount of paid up share capital in the year 1970-71 was Rs. 45.12 lakhs which increased to Rs. 89.83 lakhs during 1971-72. Again it increased to Rs.93.93 lakhs in the year 1972-73 and to Rs. 102.61 lakhs in the year 1973-74. But, it reached Rs. 155.27 lakhs in the year 1974-75. The average paid up share captital per store in the year 1970-71 was Rs. 1.88 lakhs. which in the year 1971-72 was Rs. 3.74 lakhs per store and in 1972-73 Rs. 3.91 lakhs. But in 1973-74 it came down to Rs. 3.53 lakhs per store and it rose up to Rs. 4.31 lakhs per store in the year 1974-75, in the state.

Regarding sales, it will be of interest to compare the average turnover per store of Andhra Pradesh, with the average turnover per sholesale store of other states in the country.

TABLE II- 8

Wholesale/ Central Consumer cooperative stores
Average sales per store from 1971-72 to 1975 -76 (Rs. In lakhs)

States / UT	1971-72	1972-73	1973-74	1974-75	1975-76
Andhra Pradesh	39.57	40.49	69.01	96.77	148
Assam	17.09	15.44	15.44	68.07	63
Bihar	11.77	13.72	13.26	29.18	56
Gujarat	31.39	48.76	60.93	59.81	71
Haryana	20.27	32.95	50.14	41.80	63
Himachal Pradesh	3.04	6.80	25.68	34.20	43
J&K	3.73	7.73	7.73	59.65	34
Karnataka	24.32	36.26	43.74	159.30	123
Kerala	84.33	90.94	139.94	27.65	147
Madhya Pradesh	7.58	10.76	18.97	80.95	23
Manipur	6.71	6.71	5.71	2.13	8
Nagaland	1.50	1.50	1.50	23.77	2
Orissa	7.75	10.62	17.00	34.89	20
Punjab	27.41	29.31	53.24	53.38	23
Rajesthan	11.33	24.83	36.36	201.80	49
Tamil Nadu	111.37	129.95	201.80	20.64	287
Uttar Pradesh	6.45	13.74	15.04	107.36	27
West Bengal	64.35	74.95	84.15	548.40	114
Delhi	181.08	253.33	372.67	-	548
All India	35.99	45.23	59.48	71.53	87

Source :- Indian Consumer Cooperator September,1977 NCCF.New Delhi.

While comparing average sales per Wholesale store of Andhra Pradesh with other states we find that the position of Andhra Pradesh in relation to the other states particularly in the year 1971-72 was (Rs.39.57 lakhs) satisfactory. In the year 1972-73, average sales per store of Andhra Pradesh (including sale of super Markets)as indicated in the table, was Rs.40.49 lakhs,which occupied the 7th place at the all India level. The figures show that the average sale per store which was Rs.69.01 lakhs in the year 1973-74, increased to Rs.96.77 lakhs,in 1974-75 and again to Rs.148 lakhs in the year 1975-76. The all India average sale per wholesale store during 1975-76 was Rs.86.7 lakhs only. In Andhra Pradesh, Tamilnadu, Karnataka, Tripura, West Bengal, Goa, Delhi, and Pondichery, the average sale per store was above the all India level. The average sale of Andhra Pradesh during 1975 - 1976 was 170% of over and above the all India level. The average per wholesale store of Delhi was 63% and of Tamilnadu 330% also over and above the all India level. On the basis of the above data, it can be said that the position of Andhra-Pradesh was good in relation to other states of the country. The amount of sales turnover of Andhra Pradesh during 1970-71 was Rs 932.36 lakhs i.e, Rs 38.84 lakhs average per wholesale store, which increased to Rs 949.58 lakhs in the year 1971-72.ie,39.56 lakhs average per store. Again in the

year 1972-73 the amount of sales turnover was increased to Rs.71.75 lakhs i.e, Rs.40.49 lakhs average per wholesale store in Andhra Pradesh.

Thus a solid progress was made by consumer cooperatives during the IV plan. In fact, there had been much increase in their business. However it was considered that consumer cooperatives can effectively serve as an instrument of consumer protection in the sphere of retail distribution and have a vital role to play in the task of stabilisation of prices.[1] From the IV Five Year plan onwards, Government adopted project approach for release of funds and financial assistance sanctioned on the basis of project reports prepared and recommended by the state Government for each individual institution setting out target for sales etc. The financial assistance was sanctioned by the central Government to the state Government /union territories from 1974-75 to 1978-79.

Back Ground papers- The Ist All India Convention of consumer Co-operatve societies. May 14-15- 1979 NCCF. New Delhi P-8.

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Back Ground papers- The Ist All India Convention of consumer Co-operatve societies. May 14-15- 1979 NCCF. New Delhi P-8.

PROGRESS DURING THE VI FIVE YEAR PLAN

An idea of further progress and development of holesale stores in A.P. can be had from the following table hich gives the trend of progress during the year 1975-76 to 979-80.

TABLE NO:II-9

Year-wise Position of Wholesale/central Stores in ANDHRA PRADESH (FROM 1975-76 to 1979-80) (Rupees in lakhs)

PARTICULARS	1975-76	1976-77	1977-78	1978-79	1979-80
No of stores	44	93	37	30	30
No of Branches	291	320	275	183	186
TOTAL BORROWINGS	164.04	196.18	180.44	211.99	56.91
GOVT BORROWINGS (STATE)	61.63	61.11	69.82	82.28	78.46
CENTRAL Borrowings	37.38	27.84	36.47	38.41	46.53
TOTAL MEMBERSHP	1,31,602	1,75,275	1,07,606	96,432	1,21,359
Member)	813)	1018)	901)	829)	916)
Societies)	214)	1340)	313)	199)	200)
Individual members	1,30,575	1,72,917	1,06,392	95,404	1,20,243
PAID UP SHARE CAPITAL	140.93	195.62	138.11	150.71	173.62
WORKING CAPITAL	613.03	548.96	630.92	603.06	613.72
WORKING EXPENSES	56.78	62.38	53.58	42.80	46.67
RESERVES & FUNDS	52.70	40.23	17.40	50.29	60.13
PURCHASES	1891.34	2345.15	1495.08	1724.74	2015.00
A.V.Reserve funds per store	1.19	.43	.47	1.67	2.00
Percentage of State participation	79.6%	73%	79.7%	83.7%	74%
Other Borrowing	12.52	39.61	13.87	33.77	55.76

Data compiled and calculated from the office of the Registrar Cooperative societies A.P.HYDERABAD.

The above table reveals the progress of the wholesale stores in Andhra Pradesh. The number of branches which was 291 in the year 1975-76,increased to 320 in 1976 - 77 but declined to 186 in the year 1979-80. There was a fall of 36% as compared to 1975-76.

The amount of paid up share capital of these wholesale stores has also not regularly increased. In 1975-76 the total paid up share capital was Rs 140.93 lakhs i.e Rs 3.20 lakhs per wholesale store. This increased to Rs 195.62 lakhs in the year 1976-77, but declined to Rs 2.10 lakhs per wholesale store, due to increase of number of stores .In the year 1977-78 total paid up share capital declined to Rs 138.11 lakhs. But it increased to Rs 3.73 lakhs per wholesale store as the number of stores was reduced. During the year 1979-80 the total paid up share capital increased to Rs 173.62 lakhs i.e Rs 5.78 lakhs per wholesales store, which shows about 23% increase as compared to the year 1975-76.

The number of members during the period under study has also increased. This increase has not taken place in all the cadres. Individual members in the year 1975-76 were 1,30,575 which in the year 1976-77 increased to 1.72.917 but declined to 1,20 243 in the year 1979-80.Thus the decline in the membership was about 7% as compared to 1975-76.

The amount of working capital has not increased satisfactorily during this period. The total amount of working capital for the year 1975-76 was Rs 613.03 lakhs i.e Rs 13.93 lakhs per wholesale store; this declined to Rs 548.96 lakhs i.e Rs 5.90 lakhs average per wholesale store during the 1976-77, but jumped upto Rs 630.92 lakhs in 1977-78 i.e Rs 17.05 lakhs per wholesale store. Again it declined to Rs 613.72 lakhs in the year 1979-80 but the average per wholesale store increased to Rs 20.45 lakhs.

From the above data it is disclosed that the working capital during 1975-76 to 1979-80 almost remained stagnant, but there is an increase in the working capital average per wholesale store to the extent of 46% as compared to 1975-76.

During the period the average amount of reserves per wholesale store has not increased, substantially. In the year 1975-76 it was Rs 1.19 lakhs but declined to Rs .43 Lakhs and to Rs .47 Lakhs in the year 1976-77 and 1977-78 respectively. It however increased to Rs 1.67 lakhs and to Rs 2.00 lakhs in the years 1978-79 and 1979-80 respectively.

As regards state participation into paid up share capital of the store it has registered a considerable increase. In 1975-76 out of the total paid up share capital

of the central stores about 79.6% has been contributed by Government. This percentage has declined to 73% in the year 1976-77 but it increased to 79.7% in the year 1977-78, again it tremendously increased to 83.7% in the year 1978-79.But it came down to 74% in the year 1979-80. This indicated greater dependence on the state participation by these wholesale stores.

As regards the purchases made by these wholesale stores,they also have indicated an upward trend of the same. The amount of purchases made during the year 1975-76 by them was Rs 1891.34 lakhs, and in the year 1976-77 was Rs 2345.15 lakhs. And in the year 1977-78 declined to Rs 1495.08 lakhs but it increased to Rs 1724.74 lahks and Rs 2015.00 lakhs in the year 1978-79 and 1979-80 respectively. The sales turnover of these central stores has also increased simultaneously. The sales during the year 1975-76 were Rs 6512.00 lakhs which increased to Rs 13814.00 lakhs in the year 1976-77. But it declined to Rs 1675.91 lakhs in the year 1977-78. But it increased to Rs 1897.89 lakhs in the year 1978-79 and again it reached at Rs 2728.00 lakhs during the year 1979-80.

If we compare the sales turnover of Andhra Pradesh with other states of the country along with state participation into share capital etc, we find that the Andhra Pradesh state is much more progressive than other states except

TamilNadu, Maharastra and west Bengal.

An idea of the comparative position of some states in terms of their sales turnover, membership and state participation etc, for the year 1979-80 can be had from the following table.

TABLLE NO II -10

Wholesale/central consumers' Stores Comparative position of some states in terms of their sales, turnover, Membership and state participation etc, for the year 1979-80.

(Rs in Lakhs)

STATES	TOTAL SALES	AVERAGE SALES PER STORE	AVERAGE MEMBERSHIP PER STORE	STATE CONTRIBUTION TO SHARE CAPITAL	STATE CONTRIBUTION PER STORE
A.P	2,928.0	94.45	8,392	240.0	7.74
Bihar	2,238.0	62.17	707	37.5	1.04
Gujarat	1,468.0	61.17	3,750	24.5	1.02
Karnataka	1,277.4	55.54	1,108	141.2	6.14
Kerala	1,474.3	134.03	1,628	99.6	9.05
M.P	832.0	20.80	1,275	112.0	2.80
Maharastra	7,700.0	110.0	2.929	165.0	2.36
Orissa	771.0	21.42	737	105.8	2.94
Punjab	305.6	19.10	6.999	64.7	4.04
Rajesthan	1,094.0	47.57	3.101	89.0	3.87
Tamil Nadu	10,640.0	366.90	24.307	291.1	10.07
U.P	2,735.2	50.65	3.019	185.7	3.44
West Bengal	3,726.3	133.08	572	204.1	2.29

Source:Data compiled and calculated from the Report 1980-81, Govt of India Ministry of Civil Supplies and Cooperations, New Delhi

It is evident from the above table that the maximum sales turnover per wholesales store was of Tamil Nadu with Rs.366.9 lakhs. The position of Andhra Pradesh amongst all the above states in connection with sales, ranks fifth in the country. It is also pointed out that only in Tamil Nadu, the state participation in to share capital of wholesale stores was more than the state of Andhra Pradesh as is clear from the table No II - 10. In Maharastra the average Government contribution per store during 1979-80 was only Rs. 2.36 lakhs. But in Andhra Pradesh it was Rs. 7.74 lakhs.

PROGRESS DURING THE VII PLAN PERIOD

During the next nine years, i.e, from 1980-81 to 1988-89, the wholesale stores/Central stores made remarkable progress. In all respects, they were able to make impressive changes towards growth indicative of improved conditions of the working of these stores. The following table gives the trend of progress during 1980-81 to 1988-89.

TABLE NO: II- 11

YEARWISE POSITION OF WHOLESALE/CENTRAL STORE IN ANDHRA PRADESH
(From 1981-82 To 1988-89) - (Rupees in Thousands)

PARTICULARS	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
1. Number of Stores	19	19	19	20	31	31	31	31
2. Number of Branches	112	137	141	141	172	170	186	190
3. Total Borrowings	12254	12279	13365	15629	28431	25138	28242	28879
4. Govt Borrowings	4215	5734	5956	5712	9348	8656	9179	9982
5. Other Borrowings	5097	6545	5544	2988	6272	7500	6420	7821
6. Total Membership	88582	90291	86792	92552	174248	177887	180722	188272
7. Member Societies	706	652	737	740	1598	1480	1580	1620
8. Individual Members	87876	89539	86055	91812	172650	176407	179142	193205
9. Paid up Share Capital	15761	15986	15030	16022	24495	24447	27885	34584
10. Working Capital	46302	53541	54234	57811	65884	64332	66472	65806
11. Reserve & Funds	4048	3716	4665	4817	8874	10152	10985	11051
12. Deposits	748	821	1574	2125	4084	4595	5127	5854
13. Purchases	89262	102714	11424	124905	201514	213715	221681	247341
14. Sales	94553	101809	119268	128168	216182	207716	231705	276985
15. Cost of Management	3848	6646	6756	7537	12519	11979	12869	13075

(cont'd)

PARTICULARS	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
16. Non-Controlled commodities in sales	39023	913	45391	53828	78975	33933	68589	90672
17. No.of Stores running on profit	6	6	7	7	7	7	9	9
18. Amount of profit	546	457	470	490	699	831	896	927
19. No.of Stores incurring losses	13	13	13	12	24	24	22	22
20. Amount of Losses	14093	9733	11247	15796	18680	13083	17840	16906
21. Average Reserve & Funds per store	213	195	245	240	286	327	354	356
22. Average sales per Store	4976	5358	6277	6408	6941	6700	7474	8935

Source : Compiled from the Office of the Registrar of the Cooperative Societies, A.P Hyderabad

The above table reveals a gradual progress of the wholesale stores in Andhra Pradesh. The number of branches which was only 112 in the year 1981-82 has increased to 190 in the year 1981-89. Thus about 78 new branches have been added to the wholesale stores since 1981-82.

The amount of paid up share capital of the wholesale store has also increased considerably. In 1981-82 the total paid up share capital was Rs 157.61 lakhs,and this has increased to Rs 244.47 lakhs during 1986-87. Again in the year 1988-89 the total paid up share capital has increased to Rs 345.84 lakhs.

The number of members during this period under study also increased. This increase has taken place in all the cadres. Individual members in the year 1981-82 were 87876 which in the year 1986-87 increased to 176407 and increased to 195205 in the year 1988-89. Thus the increase in the membership was about 45% as compared to 1981-82. The increase in the member societies was about 229% as compared to 1981-82.

The amount of working capital has also increased. In the year 1981-82 the total amount of working capital was Rs 463.02 lakhs and this has increased to Rs.643.32 lakhs in the year 1986-87 and again increased to Rs 658.06 lakhs in the year 1988-89, showing about 70% increase as compared

to 1981-82.

The cost of management also has increased. During the year 1981-82 it was Rs 38.48 lakhs and it increased to Rs 130.75 lakhs in the year 1988-89. The amount of borrowing has also increased. The amount of borrowing of Rs 122.54 lakhs in year 1981-82 increased to Rs 251.38 lakhs in the year 1986-87, and to Rs. 288.79 lakhs in 1988-89.

The averge amount of reserves per wholesale store has increased during the period. It was Rs 2.13 lakhs in 1981-82 and increased to Rs 3.27 lakhs in the year 1986-87 and again to Rs 3.56 lakhs in the year 1988-89.

As regards state participation into paid up share capital of the store it has registered a considerable increase.

In the year 1981-82 out of Rs 15 7.61 lakhs being the total paid up share capital of the central stores, about 85% has been contributed by the Government. This percentage has continuously remained constant upto 1986-87. But it shows clearly the dependence of the store on the Government.

As regards business done by the wholesale stores, it has indicated an upward trend of the same. The purchases made during the year 1981-82 by the wholesale store were Rs 892.62 lakhs which in the year 1986-87 were Rs 2137.15

lakhs and in the year 1988-89 it increased to Rs 2473.41 lakhs. The sales made during the year 1981-82 were for Rs 945.53 lakhs which increased to Rs 2077.16 lakhs in the year 1986-87 and again they reached Rs 2769.85 lakhs during the year 1988-89.

Thus, from every angle it can be concluded that the wholesale stores of A.P have expanded much in their business activities. Though expansion of business activities as pointed out above is noticed in these wholesale stores, there is much left to be desired when the profitability or other wise of these stores is examined.

The following table furnishes a picture of the store earning profits for 1981-82 to 1988-89

TABLE NO : II-12

WHOLESALE STORES AT WORK IN ANDHRA PRADESH SHOWING THEIR PROFITS AND LOSSES [Rs in thousands] FROM THE YEAR 1981-82 TO 1988-89

YEARS	TOTAL PROFITS	NO.OF STORES ON PROFITS	TOTAL LOSSES	NO.OF STORES ON LOSSES
1981-82	546	6	14093	13
1982-83	457	6	9733	13
1983-84	470	7	11247	13
1984-85	490	7	15796	12
1985-86	699	7	18680	24
1989-87	831	7	13083	24
1987-88	896	9	17840	22
1988-89	927	9	16906	22

SOURCE :Data collected from the office of the Registrar, co-operative societies A.P HYDERABAD

The above table shows that out of 31 stores, seven stores only were running on profits and the remaining 24 stores were running on loss. Even though the transactions are very heavy, and the membership is huge, the financial results of these wholesale stores are not at all happy. The

seven stores were able to earn a profit of Rs 34.93 lakhs for the years from 1981-82 to 1986-87. For the same period the remaning stores incurred losses to the tune of Rs 826.32 lakhs. The net effect is a loss of Rs 791.39 lakhs. The main reasons for the losses are:

(i) High cost of management

(ii) Heavy purchases

(iii) Slow process of sale of commodites

(iv) Pilferage

(v) Dishonesty of members etc

For eg, during the years for 1981-82 to 1986-87, a sum of about 496.00 lakhs was spent towards salaries, rent,other expenses etc. Due to the various reasons mentioned above,the losses incurred by these stores have been going up. Unless the losses are arrested by the store and satisfactory profits are earned the future of the wholesale stores is very gloomy.

The wholesale stores which earned profits according to a report for 1984-85 are those which are situated in the following districts :-

1. Visakhapatanam
2. East Godavari
3. Guntur
4. Prakasham
5. Kurnool
6. Hyderabad
7. Nalgonda

1. Data collected from the office of the Registrar of Cooperative Societies A.P. Hyderabad

Some of the wholesale stores which incurred losses for 84-85 are situated in the following Districts.

1. Nellore
2. Krishna
3. Chittoor
4. Cuddappa
5. Anantapur
6. Mahboobnagar
7. Medak
8. Nalgonda
9. Karimnagar &
10. Khammam.

In respect of many wholesale stores it has been observed that the losses are being accumulated year by year and rarely they get adjusted against profits. Eventhough the matter is being pointed out through the audit reports by the department, no substantial, improvement has been noticed.

It is true that there has been an upward trend in almost all spheres of the wholesale stores. The total sales turnover of the wholesale stores during 1989-90 according to recent reports, has increased to Rs. 2987.22 lakhs i.e. about Rs. 99.57 lakhs per wholesale stores in the state. The sales turnover during this period has increased by 6.9% as compared to the sales for 1988-89.

The following table indicates the trend of wholesale stores in Andhra Pradesh regarding their average sales, turnover, average paid-up capital and average membership per store of Andhra Pradesh for the year 1981-82 to 1988-89.

TABLE II-13

Wholesale/central consumer's stores in Andhra Pradesh. Yearwise average wholesale store from 1981-82 to 1988-89 (Rs in lakhs)

Years	Average sales per store	Average paid-up capital per store	Average Working capital per store	Average membership per store
1981-82	47.82	6.80	23.32	4441
1982-83	52.59	7.48	26.96	5445
1983-84	58.06	7.19	27.44	5334
1984-85	55.23	7.57	28.49	4008
1985-86	69.73	7.90	21.25	5620
1986-87	68.94	7.88	20.75	5738
1987-88	77.23	7.72	28.90	6014
1988-89	92.32	8.02	28.97	6660

Source: Data compiled and calculated from the office of the Registrar of Cooperative socities of Hyderabad.

From the above table it is clear that the average sales per wholesale stores in Andhra Pradesh in 1988-89 increased by 50% as compared to 1981-82 figure. The average paid-up share capital per store during the above period has increased by about 19%. Similarly, average membership per share has also increased approximately to 33% during 1988-89 as compared to 1981-83.

The performance of consumer co-operative has registered a significant rise to their progress due to their greater involvement in the Public Distribution system. It is an

accepted policy that the PDS should be increasingly cooperativised and as far as possible cooperatives at all levels should be assisted and strengthened to enable them to undertake distribution of essential commodities. The building up of a viable consumer cooperative movement which would function as indispensable organised sector in consumer oriented distribution system is therefore of vital importance.

The wholesale stores were not spread to all districts covering all regions till 1962 but in that year they underwent a radical change due to mainly the implementation of centrally sponsored scheme in 1962. Upto this perid only 6 wholesale stores were in existence in Andhra Pradesh but with this scheme during the III Five Year Plan 9 new wholesale stores/central consumer stores were setup. By the end of the IV Five Year Plan 24 such stores were organised in 22 Districts of the states covering about 22 cities/towns/districts.

Regional Developments

The whole sale stores were not spread to all districts covering all regions till 1962 but in that year they underwent a radical change due mainly to the implementation of centrally sponsored scheme. There were 6 stores in 1962.

But with this scheme, 9 new stores were setup. By the end of 4th Five Year Plan, there were 24 whole sale stores covering almost all the three regions of the state namely, Telangana, Rayalaseema, and Circar (Coastal Andhra). Again it increased to 44 in the year 1975-76. The new wholesale stores which were set up in between 1970-71 and 1975-76 were Guntur, Prakasham (Coastal Andhra) Mahbubnagar, Medak, Karimnagar, (Telangana,) and Kurnool (Rayalaseema Region).

The following table gives an idea of the regional position with regard to wholesale stores in Andhra Pradesh on June 30 1976.

TABLE II - 14

WHOLESALE STORES IN AP ON 30 JUNE 1976

(RUPEES IN THOUSANDS)

DISTRICTS	NO OF STORES	NO OF BRANCHES	TOTAL MEMBERSHIPS	PAID UP SHARE CAPITAL	GOVT PARTICIPATION	WORKING EXPENSE	PURCHASES	BUSINESS TURNOVER	NO OF STORES ON PROFIT	AMT OF PROFIT	NO OF STORES LOSS	AMT OF LOSS	TOTAL BORROWING	CENTRAL BORROWINGS	RESERVE FUNDS	GOVT BORROWINGS
SRIKAKULAM	1	6	1712	217	222	631	4709	4773	1	95	0	0	24	0	0	24
VIJAYANAGARAM	2	36	13223	2199	2008	10069	20439	31146	1	49	1	1198	2720	1874	0	846
VISHAKAPATNAM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EAST GODAVARY	4	14	15212	1870	1470	5320	15020	16088	1	1	3	459	3307	990	724	1321
WEST GODAVARY	0															
KRISHNA	2	102	17751	803	556	6270	22305	25521	1	91	1	95	2066	140	1564	362
GUNTUR	4	13	2129	605	428	2821	8251	8282	3	36	1	9	883	0	300	300
PRAKASHAM	4	8	1666	444	73	1169	2235	2385	3	63	0	0	492	0	288	204
NELOOR	2	29	5401	445	191	1844	5730	6164	0	0	1	164	623	398	0	225
COASTAL TOTAL	19	208	51114	6637	5148	8124	94359	94359	10	335	7	1925	10115	3402	2876	3282

It is clear from the above table that in coastal Andhra region i.e. Circar, out of 19 wholesale stores 7 were incurring losses to the tune of Rs. 1925 lakhs. while 10 are showing profit of Rs.3.35 lakhs. It was noticed that only 5 wholesale stores were showing profits in the Ravalaseema region out of 9 stores. In the same way in the Telangana Region out of 16 wholesale stores, only 6 were running on profits, and seven were running on loss.

Regarding business done by these wholesale stores it can be said that coastal Andhra range, the region which included 9 districts run at the top. If we take individual stores of the state, it may be said that Hyderabad wholesale store can be adjudged the best . It has performed a business of Rs. 367,60,000, followed by Chittoor with sales, valued at Rs. 3,60,48,000 at the end of June 1976. As on date, i.e. in May 1990, there are 31 wholesale/Central Stores in Andhra Pradesh. The region-wise names of the stores and the address are furnished below.

Table II- 15

Table showing Region-wise Wholesale Stores/Central Stores
As on 30-06-1989

Coastal Andhra Region

Name of the Store	Place & Address
1. Kalpavalli Cooperative Central Stores Ltd	Opposite to A.C College Guntur - 522004
2. Kakinada Consumers' Cooperative Central Stores, Ltd	Main Road, Kakinada 533001
3. Machlipatnam Central Consumers' Coopeerative Stores Ltd	No H 180, Robertsonpet, Machlipatnam, Krishna
4. Nellore Central Cooperative Consumers Stores, Ltd	K 222, Nawabpet, Nellore, 524002
5. Ongole Cooperative Central Stores Ltd	No J 483,Tata Buildings Ongole
6. Gowthami Cooperative Central Stores Ltd	Rajah Mundry, 533011 Godavari Dist
7. Srikakulam Consumers Cooperative Central Stores Ltd	A.709, Srikakulam 532001
8. Matrushri Consumers Cooperative Central Stores Ltd	Tenali, Guntur Dist
9. Vijayawada Cooperative Central Stores Ltd	No 6 2291 Bandar Road Vijayawada, 520002

Name of the Store	Place & Address
Rayalaseema Region	
10.Vishakahapatnam Cooperative Central Stores Ltd.	No 8 1351, Main Road Visakhapatnam 530002
11.Vijayanagram Cooperative Central Stores Ltd	Vijaynagaram
12.Univesity Consumers' Cooperative Central Stores Ltd	Andhra University Waltair, Vizag.
13.Adoni Cooperative Central Stores Ltd	Gosha Hospital, Adoni 518301
14.Chirala Consumers'Cooperative Stores Ltd	Chirala Prakasham Dist 523001
15.Chitoor Dist Cooperative Central Stores Ltd.	Chittoor, Chittoor Dist
16.Guntakal Cooperative Central Stores Ltd.	Guntakal - 515801
17.Kalpaltha Cooperative Central Stores Ltd	40/318.Station Road, Kurnool
18.Proddatur Cooperative Central Stores Ltd	No 12, 281 Proddatur Cuddapah 516360
19.Sri Venkateswara Consumers Cooperative Central Stores Ltd	204. Tilak Road, Tirupati Chittoor

Name of the Store	Place & Address
20. Anantapur Cooperative Central Stores Ltd.	Anantapur 515001
Telangana Region	
21. Adilabad Consumers'Cooperative Central Store	ACCC Stores Adilabad 504001
22. Hyderabad Cooperative Central Trading Society Ltd	5-8-655, Station Road
23. Osmania University wholesale Cooperative Stores Ltd	Osmania University Hyderabad 500001
24. Karimnagar Dist Cooperative Central Consumer Stores Ltd	Karimnagar 505001
25. Khammam Cooperative Central Consumer Stores Ltd	Gandhi Chowk,Khammam
26. Singarem Collieries Cooperative Central Stores Ltd	Kothagudem, Khammam
27. Mahaboobnagar Cooperative Central stores Ltd	Mahboobnagar
28. Nagajuna sagar Project Consumers'cooperative Stores Ltd	Hill Colony, Nagarjuna Sagar, 508202

Name of the Store	Place & Address
29. Nizamabad Cooperative Central Consumers' Stores Ltd	Shradhana Road, Niamabad.503001
30. Siddipet Consumers'Cooperative Central Stores	Siddipet, Medak 502103
31. The Cooperative Central Stores Ltd	Opp Central Jail, Warangal 506007

Source: From the Office of the Registrar Cooperative Societies, Hyderabad

The analysis of the above table on the basis of the number of stores in a district, their membership, deposits, reserves and funds, paid up capital, state participation, working capital, sales, borrowings etc, of the wholesale stores reveals wide disparities in respect of their operations. In the following paragraphs a study of these points has been analysed.

Number of Stores

As regards their number, in some of the districts two wholesale stores are in operation, e.g, Guntur, Prakasham, Kurnool, Cuddapah and Hyderabad. The relative performances of the wholesale stores in these areas are not very encouraging as compared to the performance of the stores in the areas where there is only a single wholesale store, e.g, Visakhapatnam, Warangal, Nizamabad, Nalgonda, Karimnagar, Medek, Adilabad.

An idea of the relative performance of wholesale stores can be had from the following table:

TABLE II -16

RELATIVE PERFORMANCE OF SELECT WHOLESALE STORES IN ANDHRA PRADESH

YEAR 1983-84 (Rs. in thousands)

Name of the Stores	Total Paid Share capital	Working Capital	Purchase	Sales
Districts Having Two wholesale stores				
Guntur	1119	4006	7219	7412
Prakasham	484	1605	9567	9590
Cuddapah	647	1635	2693	2934
Districts Having Single Wholesale Stores				
Visakhapatnam	5039	13896	41264	40614
Warangal	858	4011	10170	10685
Nizamabad	837	1703	3022	3234

Source Data compiled and Calculated from the from the Office of the Registrar Cooperative Socieites, A.P, Hyderabad.

It can be seen from the above that each of the districts having two wholesale stores has not given very encouraging results. According to their strength, the stores at these places must have double the performance as compared to those having a single wholesale store in the district. In Guntur district the total paid up capital, their purchases, sales, reserves and funds of the two whoelesale stores are less than those of single wholesale

store of Visakahapatnam district. Similarly in Prakasham district the amount of total paid up capital was Rs. 484 lakhs which is less than that of Warrangal District. The amount of their working capital was Rs. 16.05 Lakhs, the amount of purchases was Rs. 95.67 lakhs and the amount of sales was Rs. 95.90 lakhs. These were altogether less than the amounts of a single wholesale store of Warangal district. In Cuddapah Distirct, having two wholesale stores the amounts of paid up capital , working capital, purchases sales were Rs. 6.47 lakhs, Rs. 16.35 lakhs, Rs. 26.93 lakhs and Rs. 29.34 lakhs respectively were less than those of Nizabad wholesale store.

It may therefore be suggested that in those districts, where there are two wholesale stores, those should be amalgamated into one, so that the cost of management is reduced and other functions of the store are coordinated and duplication of work along with their competition is avoided.

Membership : A perusal of the memoership of the wholesale stores indicates that it is not equal and uniform in all stores. The highest figure of membership during 1983-84 was that of Khammam district wholesale store, being 20,065. The average membership per wholesale store of Andhra Pradesh is 5013 only. It can be said that the membership of Khamman wholesale store is almost 4 times

above the average of Andhra Pradesh. In this context it is of interest to note that despite the highest figure of membership, its percentage is negligible as compared to the total population of khammam district. The membership of Khammam wholesale store which was about 20,065, approximates 13% of the total. The position of other districts also is relatively unsatisfactory. Most of the districts in Coastal Andhra region are having their membership over and above the average of Andhra Pradesh. Some of the districts viz., Srikakulam, Guntur, Nellore, Prakasham, Kurnool, Anantapur, Hyderabad, Mahaboobnagar and Adilabad etc.are having far below as compared to the average membership in the state. There is justification for increasing membeship of wholesale stores in Andhra Pradesh. A vigorous drive for increasing membership and greater involvement of members in the management of institutions is essential for sound growth of stores movement. Therefore all possible efforts have necessarily to be taken to enrol more and more customers as members of the wholesale stores, to make the movement members owned and controlled as also economically and operationally viable.

Deposits

During 1983-84 a sum of Rs. 15.74 lakhs was deposited by the members in the stores.

The region-wise deposits work out as follows:

Coastal Andhra	Rs 6.29 lakhs
Rayalaseema	" 3.67 lakhs
Telangana	" 5.77 lakhs

The average deposit per store comes to Rs. 52,000. This is not a commendable amount for a wholesale store. Much publicity is required to encourage members to deposit more amounts.

Government Participation

The state Government's participation towards the paid up share capital of wholesale stores in Andhra Pradesh, particularly during 1980-81 to 1983-84 has increased in many ways. During the year 1983-84 the largest share contributed by the Govt was in coastal Andhra region to the tune of Rs 105.05 lakhs followed by Rayalaseema and Telangana regions viz Rs.27.41 lakhs and Rs. 43.22 lakhs respectively.

The following table gives the region -wise position of state participation towards their paid up share capital of wholesale stores in Andhra Predesh.

Table " II - 17

Wholesale stores in Andhra Pradesh state participation into paid up share capital Region-wise allocation for the years 1980-81 and 1988-89 (Rs in thousand)

Name of the Region	1980-81	1988-89
Coastal Andhra[1]	8049	12022
Rayalaseema	2143	6445
Telangana	3129	9200

Source : Data compiled from the office of the Registrar of Cooperative Societies A.P Hyderabad

1. a) Coastal Andhra Region contains 9 Districts with twelve stores
   b) Rayalaseema Region contains 4 Districts with 8 stores
   c) Telengana Region Contains 10 Districts with 11 stores.

The above table reveals that the participation of state into share capital of the regions has increased considerably. No uniformity has been adopted in this regard. The performance of stores also did not increase according to increased participation. In Telangana and Rayalaseema,the state contribution was three fold in 1988-89

compared to the position in 1980-81 whereas in the case of Coastal Andhra it is just above double in amount. It may be suggested that in allocating share of state participation, uniformity is adopted as far as possible, so that their performance may be evaluated accordingly.

Reserves and Funds

Reserves and funds maintained by the wholesale stores in Andhra Pradesh are quite uneven and inadequate. The overall financial base of these stores is generally weak, and therefore they depend largely upon Government/Cooperative or commercial banks for necessary working capital. Due to losses and low profitability in most of the wholesale stores there may be a little generation of reserve and other funds, but in most of the cases it seems that either the stores have not observed the rules for creation of reserves or they have failed to transfer the prescribed amount as per bye-laws of the stores.

The position available for the period ending 1988-89, indicates that out of 31 wholesale /central consumer cooperative store of Andhra Pradesh 3 stores have contributed nothing towards reserves.

The non-existence of reserves in three wholesale stores viz. West Godavari, Ranga Raddy and Warangal, is a cause of alarm and it is astonishing that despite stringent rules in

the bye-laws for creation or maintenance of reserves there has been a flagrant violation of these rules. Needless to mention that out of 30 wholesale stores in Andhra Pradesh 9 were running on profits and 21 were incurring losses. While according to the bye-laws one third of the profits should have been transferred to reserves.

Again, the internal resources of the wholesale stores in Andhra Pradesh form a very little percentage of their total working capital, as it is evident from the following table.

Table II -18

Percentage of Internal Resources (Year 83-84)

Particulars	Reserves and funds	Deposits	Govt Share & borrowings	Individual Societies & others	Total
Percentage in the working capital of wholesale stores	12%	6%	32%	50%	100%
Total amount of working capital	Rs 73,18,000	Rs 37,07,000	Rs 1,89,25,000	Rs 2,92,61,000	Rs 5,92,11,0(

Sourcee : Calculated on the basis of the data available from the office of the Registrar Cooperative Societies AP, Hyderaba

The above table reveals that only 32% raised from the Government and 50% of the working capital was raised from the members and the remaining was raised from reserves and Deopsits.

The share of Reserves and funds into working capital of the wholesale stores was only 12%. It is therefore, suggested that those districts having wholesale stores where there is no generation or even a little generation of reserves viz Nelloor, Srikaulam, Prakasham, Kurnool, Anantapur, Medak , Karimnagar, Adilabad etc should encourage higher reserves in order to strengthen their financial structure. It has to be strongly advocated that the average of reserves per wholesale stores of Andhra Pradesh should be the minimum requirement for these three wholesales stores viz. West Godavari, Ranga Reddy and Warangal.

WORKING AND PAID-UP CAPITAL

If we compare the total working capital of these wholesale stores in Andhra Pradesh, we find that there has been an increase in 1980-81 to 1988-89. The following table shows region-wise position of working capital of wholesale store in Andhra Pradesh.

Table II - 19

WHOLESALE STORES IN ANDHRA PRADESH
REGION-WISE POSITION OF WORKING CAPITAL (FOR 1980-81 TO 1988-89)
(Rs. in Lakhs)

Name of Region	No of stores	Total Workig Capital			Average working Capital	
		1980-81	No of stores	1988-89	1980-81	1988-89
Coastal Andhra	12	29517	12	33460	2459	2788
Rayalaseema	8	14170	8	15616	2024	2230
Telangana	11	15524	11	16730	1411	1394
Total	31	59211	31	65806		

Source: Data compiled and calculated from the Office of the Registrar Cooperative Stores Hyderabad, A.P

With the above table, if we compare the position of the working capital of the regions for the year 1988-89, we find that the biggest share is of coastal Andhra Region i.e, Rs. 334.60 lakhs . Next comes Telangana Region i.e, Rs. 167.30 lakhs, and lastly Rayalaseema i.e, Rs. 156.17 lakhs.

While comparing the average positions as stated in the table, highest amount of working capital per wholesale store is of coastal Andhra Region i.e, Rs. 27.88 lakhs followed by Rayalaseema Region Rs. 22.30 lakhs and then Telangana Region Rs. 13.94 lakhs.

The relative position of working capital in different regions in 1988-89 as compared to 1980-81 shows that in coastal Andhra Region, the total amount of working capital has increased more than the level of 1980. In other regions also the amount of working capital has increased.

The above analysis reveals that in some of the districts the wholesale stores have not attempted to raise working capital. They seem to be mainly dependent upon Government's participation in to their share capital. It is suggested therefore that those regions, where there is low working capital per wholesale store viz. Telengana and Rayalaseema Regions, particularly should concentrate on raising higher amount of working capital . Every district wholesale store of the above regions should aim at achieving the average amount of working capital as that of coastal Andhra Region.

The amount of total paid up share capital of different

regions varies from store to store. This increase in paid up capital in the year 1988-89 as compared to 1980-81, has also been unequal as is evident from the following table.

Table II - 20

Wholesale stores in Anchra Pradesh
Region-wise comparative position of paid up share Capital for the Years 1980 and 1989

(Rs in Lakhs)

Name of Regions	Total Paid Up Share capital		Average Paidup Capital		% age increase in 1989 as compared to 1980
	1980	1989	1980	1989	
Coastal Regions	94.00	142.93	10.40	15.8	34 %
Rayalaseema	31.66	97.34	3.51	10.81	69 %
Telangana	52.02	105.57	5.78	11.73	50%

Source :Data compiled and calculated from the Office of the Registrar Cooperative Stores, Hyderabad AP

The amount of total paid up capital as well as average paid up capital per store in coastal Andhra Region is higher as compared to those of others. This is primarily due to Visakhapatnam whole sale store in the region. The average

paid up share captial per store in Coastal Andhra Region and Telangana Regions was more than Rs.5 lakhs while that of Raylaseema. it was more than Rs. 3 lakhs, but less than 5 lakhs. The state contribution towards paid up share capital of the wholesale stores in Ravalaseema region was also relatively low as compared to other regions. (Table II -10) of the state.

The increase in paid up capital of wholesale stores in Rayalaseema during 1988-89 as compared to 1980-81 was the highest viz. 69% but lowest increase was recorded in Coastal Andhra viz. 34% in the region. Thus it may be stated that while no uniformity was adopted in allocating state contribution. these stores particularly coastal Andhra and Ravalaseema regions did not attempt to attract more members to be enrolled in their stores. It is suggested therefore, that the wholesale stores should try to increase membership in order to raise large paid up share capital of their own.

Sales Turnover:

In 1988-89 the sales turnover of Visakhapatnam wholesale store has been the highest followed by those of Hyderabad, Khammam and East Godavari districts. The important point in this connection to note is that the percentage share of sale of controlled and rationed commodities has ranged between 44% to 50% in the state. An

year-wise details of percentages in this regard can be had from the following table.

Table No II - 21

Wholesale stores in Andhra Pradesh Share of Controlled Commodities in the Total Sale

(1985-86 to 1988-89) [Rs in Lakhs]

Years	Total sales	Sales of Controlled commodities	% controlled commodities to total sales
1981-82	94553	42995	44%
1982-83	101809	37776	37%
1983-84	119268	10570	8%
1984-85	128168	15299	12%
1985-86	216182	97650	43%
1986-87	207716	132808	63%
1987-88	231705	113201	48%
1988-89	276985	138963	50%

The above table reveals that the sale percentage of controlled commodities in the wholesale stores of Andhra Pradesh has never been over 50%. However this percentage has come down recently but despite its reduction in ratio, it can safely be concluded that the wholesale stores in AP are still not in a position to diversify their business towards non-controlled items beyond 38%. In 1988-89 the

total sales turnover of wholesales stores in Andhra Pradesh was Rs.2769.85 lakhs, out of which the sale of controlled commodities recorded 50% of the total. This indicates a slight decreasing trend towards dependence upon controlled commodities. If we compare this percentage district-wise then we find that some of the wholesale stores in Andhra Pradesh have sold controlled commodities even more than 75% of the total sales while others have sold to the extent of 38%.

WORKING RESULT

The position of the profits and losses of the wholesales stores in Andhra Pradesh has not improved much because of the heavy losses of some stores and so the recoupment of past accumulated losses of the store will take some more time to improve the situation. During 1988-89 in all 22 stores were incurring losses. (Pl see Table II - 12). In this connection it may be noted that during 1970-71, in all only 7 stores were running on profits and 17 wholesale stores were running on losses while during 1988- 89, this number increased to 22 stores running on loss of Rs. 169.06 lakhs and 9 stores on profits of Rs. 9.27 lakhs. It can be assumed that the position of wholesale stores has not improved.

Apart from the development discussed above the wholesale stores in Andhra Pradesh have recently made an effort to organise some department stores/super bazars. These have been organised at important cities of Andhra Pradesh, Viskakhapatman, Adoni, Guntur, Hyderabad, Srikakulam, Krishna, Warangal, and are being managed by the wholesale stores of the respective cities.

It would be of interest to examine the present position and progress of these super bazars in the area of wholesale consumer store movement of the cooperative stores of Andhra Pradesh.

A point of special significance to be mentioned is that in most cases the audited balance sheet of the wholesale stores has not been reaching in time to be recorded in the Registrars' office.

It has been observed that in practice wholesale stores instead of furnishing audited financial results submit their self-prepared statements to the Registrar. It has been found in many cases that the figures in the balance-sheet shown by the wholesale stores were altogether different from those, checked and verified by the auditor. The procedure has to be streamlined so as to be in conformity with the byelaws of these stores.

Super Bazars/ Departmental Stores Vibhaga Vikrayasalalu

The establishment of super bazars in Andhra Pradesh is one step forward in the cooperative movement. The first super bazar was started in July 1966 at New Delhi as a departmental Store. The Govenment decided to provide 75% long term loan and 25% subsidy to it. The loan was to be returned within first five years. The programme of organisation of the Departmenal stores which was restricted to big cities was extended to towns with a population of below 2 lakhs or on selective basis.

The scheme envisaged as follows :[1]

I. For Metropolitan Cities

a) Share Capital - Rs. 10,00,000

b) Loan cum subsidy - Rs. 7,00.000

[For furniture, fixtures and fittings - 75% loan , 25% subsidy]

c) Managerial subsidy - 25,000

[Recommended Floor area - 25,000 sq ft]

II. For Towns with population between 0.5 to 1 million

i) Share Capital - Rs. 5,00,000

ii)Loan -cum Subsidy Rs. 3,00,000

iii)Managerial Subsidy Rs. 25,000

(Recommended floor area for each store 15,000 sq ft)

1. Arvindasan, A. S Bandapani, S Consumes Cooperative Movement in India, ICA, Publication New Delhi 1971

III. For Towns with Population between 0.2 and 0.5 million

i) Share Capital Rs. 3,00,000

ii) Loan-cum-subsidy Rs. 3,00,000

iii) Managerial subsidy Rs 25,000

(Recommended floor area for each store 10,000 sq ft)

As far as the floor areas are concerned, most of the Department stores/Super Bazars/ Vibhaga vikrayasalalu in Andhra Pradesh are following the standards. Some have floor areas ranging from 5000 sq ft to 15000 sq ft. Some of the important items of consumer articles include basic necessities, such as groceries, provision, cosmetics, and toileteries as well as textiles, ready made garments, house hold goods , utensils etc.

The main objectives of these Department stores/Super bazars/vibhaga vikrayasalalu are :

- To provide standard and quality consumer goods to the public at reasonable price.
- to provide the daily necessities of an average house-hold under one roof.
- to raise the quality of the products and maintain minimum standards.
- to lower distribution costs and to introduce fair and better trading practices such as fixed prices etc.

As the objectives of the super bazars are very ideal, there is much enthusiasm to achieve them among the members. Many of the super bazars of Andhra Pradesh, in order to fulfil these aforesaid objectives, purchase from the manufacturers directly. Purchases are also made from the depots of manufacturers or stockists. The bulk of the textile goods, food grains and important grocery items are procured from the consumer Federations.

It was in 1966-67 that super bazars/departemental stores were started in Andhra Pradesh. Two super bazars are at Hyderabad and the other at Visakhapatnam were set up. During 1967-68 six towns i.e, Rajahmundry, Vijayawada, Guntur, Kurnool, Warangal and Secunderabad were selected for setting up super bazars.[1]

The departmental store at Secunderabd functioned as a brnch of cooperative store ltd Hyderabad. The state Govt permitted another department store at old city of Hyderabad.

Government of India released financial assistance during 1967-68 for financing the super bazaars /Departmental Stores. Vibhaga vikrayasalalu as shown from the Table No II-22.

1. The existing consumer's cooperative central stores were entrusted with setting up of departmental stores.

   See, Annual Report on working of cooperative stores in Andhra Pradesh A.P Govt, Hyderabad 1968 June 30, pg.65

Table II - 22

Super Bazars/Departmental Stores/Vibhaga Vikrayasalalu Finance Released from the Govt of India During 1967-68

(Rupees in Lakhs)

Name of the Super Bazar	Loan Rs	Subsidy Rs	Total Rs
1.Secunderabad Super Bazar	6.50	0.65	7.15
2.Rajahmundry Super Bazar	1.875	0.125) 0.050)	2.050
3.Kurnool Super Bazar	1.875	0.175	2.050
4.Vijayawade Super Bazar	3.875	0.175	4.050
5.Warangal Super Bazar	3.875	0.175	4.050
6.Secunderabad Super Bazar	4.750	0.250	5.000
7.Visakhapatnam Super Bazar	0.75	0.25	1.00
8.Hyderabad Super Bazar	1.50	0.50	2.00
9.Old City Super Bazar	7.250	0.750	8.000
10.Guntur Super Bazar	1.875	0.175	2.050

There are 150 super bazars in the country.An idea of the comparative position of the states in terms of their number of super bazars for the year 1984-85 can be had from the following table.

Table II -23

Super Bazar/Departmental Stores Vibhaga Vikrayasalalu

Comparative position of some states in terms of number of stores for the year 1984-85

Sl No.	States/UTs	No.of Stores
1.	Andhra Pradesh	15
2.	Assam	3
3.	Bihar	6
4.	Gujarat	7
5.	Harvana	3
6.	Himachal Pradesh	1
7.	J&K	3
8.	Karnataka	21
9.	Kerala	12
10.	M.P	6
11.	Maharastra	11
12.	Manipur	1
13.	Meghalaya	1
14.	Nagaland	Nil
15.	Orissa	3
16.	Punjab	4
17.	Rajastan	6
18.	Sikkim	Nil
19.	Tamil Nadu	21
20.	Tripura	1

Sl No.	States/UTs	No.of Stores
21.	Uttar Pradesh	6
22.	West Bengal	9
23.	Anrunachal Pradesh	1
24.	Andaman Nichobar	nil
25.	Chandigarh	1
26.	Dadar Haveli	-
27.	Delhi	5
28.	Goa Daman & Div	1
29.	Laksha deep	-
30.	Mijoram	-
31.	Pondichery	2

It is evident from the above table that the highest number of stores are at Karnataka and Tamil Nadu having 21 stores. The position of Andhra Pradesh among all the above states ranks seven, in the country with 15 stores. Seven states had only one each. But six states had not even one.

Progress During the Plan Period

Super Bazars/Departmental stores/Vibhaga vikrarayasalalu in Andhra Pradesh started their business in 1966-67, but due to certain weaknesses, these stores did not work satisfactorily. However, the business of these stores has

improved after 1976-77 as seen from the table II-24. The total business done by the wholesale stores during 1977-78 to 1988-89 along with the percentage of sales turnover of super bazars to these stores can be seen as follows.

Table II - 24

Department stores/Superbazars/Vibhaga vikrayasalalu Progress and comparative position with wholesale stores during 1977-78 to 1988-89

(Rupees in Thousands)

Years	Business Done by wholesale stores	Business done by super bazar	% of sales of super bazars in wholesale sales
1977-78	160561	67237	41%
1978-79	144232	78150	54%
1979-80	141669	71663	50%
1980-81	129526	56825	43%
1981-82	94553	60222	64%
1982-83	101809	65806	65%
1983-84	119268	82907	69%
1984-85	128168	84217	65%
1985-86	216182	94445	44%
1986-87	207716	95641	46%
1987-88	231705	105722	45%
1988-89	276985	120925	43%

Source Compiled from the Registrar of Cooperative Societies.

PRESENT POSITION

As already mentioned, at present in Andhra Pradesh 31 wholesales/Central Govt Cooperative Stores are working and the business done by these stores is increasing. The sales turnover which was Rs. 1605.61 lakhs in 1977-78 has increased to Rs. 2022.03 lakhs in 1984-85 and Rs. 2769.85 lakhs during 1988-89. This increase has taken place to some extent because of the strengthened position due to issue of Rs.2 a kilo scheme and controlled commodities by state Government. Janata sarees were sold by these wholesale stores. The sales turnover of super bazar has not increased during recent years.

The following table gives a complete idea of business transacted by the super bazars during 1976-77 to 1988-89.

Table II - 25

Business of Super Bazars of Andhra Pradesh
(1977-78 to 1988-89)

(Rs in Thousands)

Years	Total Turnover	Ave Turnover
1977-78	67237	4202
1978-79	78150	4884
1979-80	71663	4478
1980-81	56825	3551
1981-82	60222	3763
1982-83	65806	4112
1983-84	82907	5181
1984-85	84217	5263
1985-86	94455	5903
1986-87	95641	5977
1987-88	105722	6607
1988-89	120925	7557

Source: Compiled and calculated from the Office of the Registrar Cooperative Services Andhra Pradesh, Hyderabad

From the above table it is clear that during the year 1977-78 the total sales of all the super bazar/ Departmental stores/ Vibhaga vikrayasalalu, of Andhra Pradesh were Rs 672.37 lakhs which in the year 1981-82 came down to Rs 602.22 lakhs. The Super bazar during this period suffered heavy losses due to their mis-management, wrong policies etc. During 1983-84 onwards, due to the state patronage and other

financial assistance, the sales turnover of these super bazaars again increased. Thus in 1984-85 it was Rs 842.17 lakhs i.e, Rs. 52.63 lakhs average per super bazar. In 1988-89 the sales turnover has again increased to Rs.1209.25 lakhs i.e, Rs.75.57 lakhs average per super bazar.

REVIEW OF THE PROGRESS

While taking the progress of super bazars individually, almost in every super bazar, the sales turnover has increased as is evident from the following table.

Table II - 26

Departmental stores/Superbazars/Vibhaga vikraya salalu in Andhra Pradesh (Sales Turnover)

(Rs In lakhs)

Super Bazar	1980-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88
Visakhapatnam	23161	31061	28305	40614	46437	50020	50465	59274
Srikakulam	7750	9315	8915	9000	10000	11272	11680	11874
Warangal	486	486	10363	10685	11217	11868	10762	11276

Source: Compiled from the records of the Societies Visakhapatnam,Srikakulam Warangal

Conclusions and Suggestions

A study of the wholesales stores/Central stores and super bazars has revealed several stark facts regarding their working, turnover, financial soundness, profitability etc. As could be seen from the statistical data furnished in the chapter, it is evident, the position of finances of these wholesale stores is not very happy and hence, it is highly doubtful whether the purpose for whch these stores have been established, is fulfilled in the light of the following remarks, suggestions and conclusions.

1. The wholesale stores/Central stores, so far, have been largely functioning as supply depots without exerting much impact on the consumer as an institutional agency. If the central stores have to become viable and to survive competition with the private trade, they must reform their structural, operational and adminstrative pattern. It is for consideration whether a two tier structure will not suffice (consisting of a wholesale tier and a retailing tier). To make too many people active in the same function will result in dissipalting the resources and energies. Too many cooperatives some times spoil the effort.

2. The control system in cooperative stores should be carefully developed by having monthly stock-taking and a

complete up to date book keeping which should provide monthly statements of results to avoid confusion, pilferage and defalcation.

3. The stores should maintain democratic standard by having elections at the appropriate time as prescribed in the byelaws, giving no scope for influential and wealthy few to dominate the affairs of the societies.

4. One of the modern trends in the societies is allowing religious and political considerations in choosing the representatives of the stores. Strict religious and political neutrality should be maintained in the cooperative store.

5. Need for a speedy supply system to retail stores in various parts of the state should be emphasised. Inordinate delay in providing food materials will cause deepair and disappointment among the consumers.

6. The wholesale units should become servicing organisations and thereby they can be used by Govt and semi Govt agencies for distributing essential commodities to the people.

7. Mass support of the people is very crucial to the success of the whole sale stores. Still, in Andhra Pradesh the movement has not touched many parts of the state. An

effective coverage of membership is very essential. Much publicity and propaganda are required to bring all categories of consumers to be enrolled as members. Through radio, television, advertisements in news papers and magazines and other means, the people should be educated about the importance of the movement.

8. The consumers have to be told about the hazards involved in purchasing commodities. They have to be informed about under weighment, adulteration of food stuffs, substandard foods etc which are being practiced by the unscrupulous traders and confidence should be infused into their minds about the quality of goods supplied through the cooperative stores. The wholesale stores can do a tremendous and a commendable job in exposing the mal-practices and deceptions played by the private traders.

9. The general trend seen in the wholesale stores is to solely and wholly depend upon the Govt or banks for their financial support. When the cooperative movement was started in Sweeden, England etc, one of their principles was not to depend upon the Govt for finances. Now the whole trend has been changed and complete reliance is placed on the outside agencies. This is a very unhealthy practice. The membership should be given only to those who are able to appreciate the cooperative principles. The entrance fee and

share capital should be sufficient enough to carry on the business in the initial stage if the quantum is prescribed taking into account the scope of the business. Deposits should be collected from all the members and the members should voluntarily and spontaneously contribute. The bye laws are to be changed to fix a reasonable amount of entrance fee and share capital according to the existing money value instead of adoption of the rate fixed two or three decades ago. An all out drive is required to increase the share capital.

10. As pointed out, the business turn over is not yet grown in Andhra Pradesh inspite of the fact that the volume of transactions has increased much in other fields. Due to paucity of funds, or overstocking of the materials, much business is not being transacted by the wholesale stores. In super bazars also it is found that due to injudicious purchases money is locked up and for some other commodities, the societies could not find ways and means to raise finances. The net result is that the business turn over is adversely affected, losses increased and profits in respect of stores considerably reduced.

11. Another perennial problem confronting the wholesale store/central store is the question of personnel management. Very often, cases come to the notice of the

public that unqualified and inefficient people are allowed to run the affairs of the societies, with least concern about their capacities due to nepotism or favouritsm and thus finally plunging the society into liquidation. There is still a lack of professionalism in the way the wholesales stores are managed. There is a tendency to shy away from the professionals for various reasons.

12. Modern techniques should be adopted for disposal of commodities. Apart from attractive advertisements, places chosen for shops should be centrally located and they should be good shopping centres. Salesmen and sales girls should be smart, active and alert to attract customers and to clarify their doubts and answer their questions. Shops must be attractive, spacious, and capable of good display of commodities. Much depends upon the environment of the shops.

13. Purchasing policy should be definite and specific. The wholesale stores should always assess the need, issue bulk orders after ascertaining competitive rates. Manufacturers should be contacted and maximum economy should be maintained.

14. New areas should be sorted out and shops should be opened in such unserved areas to avoid competition. If

needed, home delivery service also can be resorted to, which may be an attractive feature to many customers.

15. Whenever a store incurs losses, causes should be analysed. It may be due to excess purchases, fluctuation in prices, change of habits or fashion or any other unforseen circumstances. As the accumulation of stock will lead to deterioration of the quality of goods, timely action should be taken to shift the stocks to places where they are needed. That is why an alert and smart managerial supervision is very essential. If food stuffs are spoiled by ants, rodents etc. timely action should be taken to prevent such losses. For losses, please see Table No II -14, where huge losses are reported.

16. Dishonesty, lack of integrity etc also play an important part in liquidation of a society. Periodical inventory taking is very essential; even weekly inventory is also useful. When members of staff are appointed, proper care should be taken to assess their antecedents with proper testimonials so that they can be traced in the event of their absconding. Provisions for adoption of civil, criminal and departmental proceedings against misappropriation/ defalcation should exist in the bye laws and they should be kept informed of the consequences of such criminal acts. There should be a definite procedure

for taking action for the recovery of amounts in such circumstances.

17. There should be organic link betwen the various consumers' cooperatives. The wholesale stores should have link with the affiliated primaries. If there is no coordination between them, there will be antagonism and competition between cooperatives instead of cooperation.

18. Many changes have occurred in the technique of selling. Pre-packing of goods, economy packets, price marking etc are liked by the consumers because they need not wait for much time in the shops. Festival reductions, offer of gifts for purchase of commodities beyond some limits etc are other attractions.

21. It is also to be considered as to how the functioning of the whole sales has to be uniform. The employees have to be well paid and their service conditions are to be altered according to the changing times. In the hands of well trained and well paid employees, the organisation will surely progress. If they are given suitable motivation and incentives, they will also work with stability and continuity and it will enhance the prestige of the organisation.

"Still there is more the consumers' cooperative movement can do for its employees, better pay, shorter hours, better working conditions, entertainment, education, insurance and other protection can all be incentives." [1]

1. Cooperating democracy by JP Marbases, New York 1947

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CHAPTER - III

WHOLESALE / CENTRAL CONSUMER STORES

A CASE STUDY - VISAKHAPATNAM COOPERATIVE CENTRAL STORES LTD

Introduction:

Of the many wholesale stores in this state of Andhra Pradesh, Vishakhapatnam Cooperative Central Stores Ltd., has been chosen for a case study so as to examine the working of the stores in detail. These stores were set up to arrest the rising prices of all consumers' commodities and food grains.

Objectives

The objectives of the society are:

1. To encourage thrift and self help:

2. To purchase the necessaries of life to retail to the members to carry in common for the benefit of the members of the society, of the trade of general dealers and to establish and conduct on cooperative principles and such other lines of work or departments of business as may from time to time be resolved upon, by the general body of members:

3. To open depots or branches for the convenience of the members.

4. To develop, assist and coordinate the work of the affiliated societies and exercise supervision over them by arranging for their periodical inspections and to own rent or take on lease buildings godowns or office premises;

5. To arrange for processing food grains and other necessaries of life required for the use of the members.

6. To improve the social, cultural and economic well being of its members to disseminate the knowledge of cooperative principles and their realisation as far as practicable; and

7. To do such other things as are incidental or conducive to the attainment of the above objects[1]

Organisation and Management

Management plays a pivotal role in the success of any organisation without which the organisational objectives may not be accomplished in accordance with the targets fixed. Management means managing the operations in the light of the result. Koonty and O. Donnell were of the opinion that "management is an art of getting things done through and with people" [2] Subject to such resolutions as the General

1. Byelaws of the Visakhapatnam cooperative Central Stores Ltd.

2. Koonty, O.Donnell An Analysis of Managerial functions(Tokyo, Mc Graw-Hill Kogakushai Ltd.)

body may from time to time pass, the executive management of the affairs of the society shall vest in a Board of Directors The Board of Directors shall consist of not more than 16 members as follows:-

1. Representatives of individual members:	10
2. Representatives of cooperative stores and other cooperative societies	1
3. Representatives of institutions other then cooperative societies	1
4. Government nominees	3
5. The Managing Director	1
	16

The members of the Board of Directors other than the Managing Director and Government nominees shall be elected by General body for a period of three years from amongst the members. The Board of Directors shall appoint a Managing Director in Consultation with the Registrar of cooperative societies, Andhra Pradesh, Hyderabad, who shall be responsible for the executive administration of the society and for carrying on the day to day work. The last Board of Directors was elected by the General Body on 30-1-1982 and their term expired on 31-12-1984. Subsequently, the commissioner for cooperative societies (Andhra Pradash) Hyderabad appointed the following officers

as committee of persons-in-charge to manage the affairs of this society.

1. Joint collector, Visakhapatnam-Chairman

2 District cooperative officier Visakhaptnam -Person.

3. District supply officer (city) Visakhaptnam -person

The term of the offical committee of person in charge is being extended from to time from 1-1-1984.

It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by Rule V of the Rule under the ACT and by the Registrar from time to time, to place before the general body meeting of the members Registrar's notes of audit or inspection within one month from the date of receipt and to correspond with the Registrar and to do all other business relating to the society.[1]

1. Bvelaws for the Cooperative Central Stores Ltd, Visakapatnam:

ORIGIN AND DEVELOPMENT

The Visakapatnam Cooperative Central Stores Ltd. was registered on 2-3-1963 and started functioning from April 1963 under 'the centrally sponsored scheme' which was intended for setting up a chain of consumer cooperatives in the wake of Chinese agression in October 1962. It was converted into a superbazar in June 1966 . The value of its share was kept at Rs.10/- to enable even the poorest man to become its member to derive the services proposed to be rendered by it. Its area of operations extended to the erstwhile revenue taluk of Visakapatnam with headquarters at Visakapatnam.

The society started with an initial share capital of Rs.2890/- contributed by 723 members with retail branches in visakapatnam and its neighbourhood. This shows that all the 723 members did not contribute at the rate of Rs.10/- per member.

The following table shows the extent to which the share capital was contributed by the Government of Andhra Pradesh.

Table III - 1

Table showing share capital by Govt.of.A.P

Year	Amount
	Rs
1964-65	1,00,000
1967-68	3,00,000
1971-72	7,94,000
1972-73	2,18,000
1974-75	3,00,000
1975-76	1,51,800
1979-80	50,000
1981-82	29,94,000
	49,07,800

The table shows that the super bazar was mainly depending on the Govt.of A.P for its functioning from the very inception of the institution. This share capital continues till today.

The Super bazar incurred a loss of Rs.1,25,499 during 1967-68 though there was huge transaction namely, purchases showing Rs.1,26,12,093 and sales showing Rs.1,22,22,870. During the next five consecutive years the super bazar incurred heavy losses as shown below.

Table III (2)

Year	Purchases Rs	Sales Rs	Loss Rs
1968-69	1,41,54,662	1,47,79,491	- 3,07,578
1969-70	1,38,94,847	1,48,24,741	- 2,99,749
1970-71	1,35,86,110	1,45,99,373	- 347,092
1971-72	1,35,53,340	1,42,32,954	- 3,68,227
1972-73	1,90,92,356	3,01,34,690	- 72,727

The accumulated loss at the end of 1972-73 was Rs.15,20,873. After 1973-74, there was an improvement in the financial position of the institution, but the loss already incurred was not entirely wiped out as shown below. The profits were earned only up to 1977-78.

Table No III(3)

Year	Purchases Rs	Sales Rs	Profits Rs
1973-74	3,07,52,722	3,09,10,355	2,26,351
1974-75	3,28,42,274	3,47,17,510	3,11,578
1975-76	2,73,35,732	2,99,48,308	2,654
1976-77	3,24,39,272	3,46,82,413	2,709
1977-78	2,77,79,357	2,96,25,232	2,072

Source:-Compiled from the records of the society.

The above table reveals that the purchases of Rs.3,07,52,722 in the year 1973-74 increased to Rs.3,24,39,272 in 1976-77 but declined to Rs.2,77,79,357 in the year 1977-78. In 1974-75 purchases were made for the maximum amount, i.e, Rs. 3,28,42,274. Regarding the sales turnover also there was similar increase. In 1976-77 the sales of the stores were increased by 9% as compared to 1973-74. In the year 1974-75 this increase is worked out to 10% as compared to 1973-74 and the amount of profit was increased during this period ie, a maximum profit of Rs 3,11,578, during 1974-75 and subsequent years, i.e, 1975-76 to 1977-78 witnessed reduction in profits.

The main function of the store was to supply quality consumer goods such as food stuffs and other articles of household use at reasonable prices. In addition to this, the Stores succeeded in its initial efforts to undertake cosmetic and garments and industrial work within the area.

Eventhough there were huge transactions from 1981-82 onwards, the general financial position of the super bazar was not that happy as shown below.

TABLE III-4.

Working Operation from 1981-82 to 1988-89

	Purchases Rs	Sales Rs	Profit Rs.	Loss Rs.
1981-82	3,25,60,308	3,36,26,187	1,38,864	-
1982-83	3,97,15,846	4,01,16,643	72,920	-
1983-84	4,31,25,809	4,46,60,049	2,34,610	-
1984-85	4,2[illegible],27,137	4,64,37,367	1,66,499	-
1985-86	4,67,03,791	5,00,20,745	3,206	-
1986-87	4,87,83,660	5,04,65,065	-	
1987-88	5,71,52,781	6,16,82,972	1,02,310	-
1988-89	5,99,08,996	6,89,19,881	1,18,765	-

The above table reveals that the sales turnover of the stores of Rs.3,36,26,187 in the year 1981-82 increased to Rs.4,01,16,643 in the year 1982-83 which again has gone upto Rs.4,46,60,049 in the year 1983-84 and Rs.4,64,37,367 in 1984-85. It went up to Rs 5,04,65,065 in the year 1986-87 and again it has gone upto Rs.6,89,19,891. in the year 1988-89. Thus the volume of sales increased by approximately to 205% in 1988-89 as compared to 1981-82 but the amount of profits did not increase accordingly. In 1981-82 it was Rs.1.38,864 which came down to Rs.72,920 in 1982-83 and again increased to Rs.2,34,610 in the year 1983-84 but in the year 1985-86 it came down to Rs.3,206. There is a

reserve for disputed interest due to the Cooperative Central Bank, Vishakapatnam to the extent of Rs.9,31224. As per G.O Ms No.453 Foods Agril (Coop Dept) dated 7-11-1981, the amount decided to be paid to the Cooperative Central Bank, Vishakapatnam in full settlement of the dues worked out to Rs. 19.66 lakhs. The entire amount was paid to the Bank. Hence this reserve of Rs. 9,31,224 has to be released. If the reserve was released, the accumulated loss would come down to Rs. 4.50 lakhs.

Again in the year 1988-89 profits increased to Rs.118,765 but compared to 1981-82 it was declined by 15%. It shows that between 1984-85 to 1988-89 the business of the stores did not give satisfactory result. It may be added that upto this critical period of 1988-89 the store had to take outside borrowings to meet its business requirements and had to pay a large amount of interest there on.

Working

The position of membership and share capital of the institution as on date is as follows:

TABLE III - 5

Membership and share capital position during 1988-89

Particulars	No. of Members	Share Capital
1. Government of Andhra Pradesh	1	Rs 49,07,800
2. Individuals	9066	1,18,170
3. Primary Co-op Societies	9	5,900
4. Institutions other than Co-op Institutions	2	20
	9098	50,31,890

Source: Compiled from the records of society Vishakapatnam.

These statistics reveal that 9097 members contributed Rs. 1,24,090 towards share capital while the Government contribution is Rs.49,07,800. the share capital contributed by individual members is only 2.34% of the total share capital. This shows that the participation of the individual members in the functioning of the super Bazar is only nominal and that the entire financial stake in this institution is that of the Government.

MEMBERSHIP:

The Vishakapatnam Cooperative Central store started with initial membership of 723 which has continuously been increasing as is evident from the following table and the exhibit.

EXHIBIT NO-

MEMBERSHIP

VISAKHAPATNAM CONSUMER STORES

SCALE - 2 CM = 100

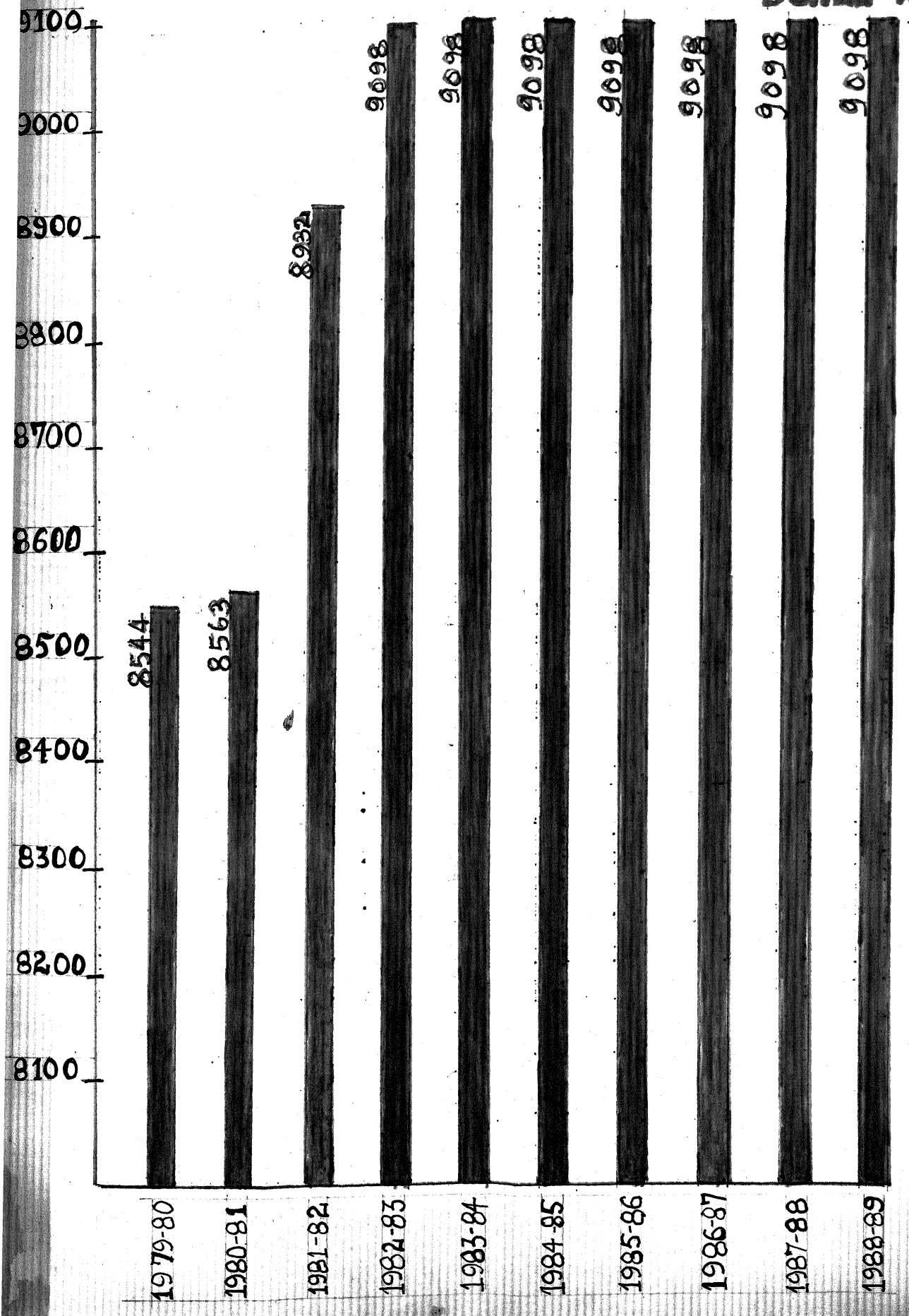

TABLE III - 6

POSITION OF MEMBERSHIP FROM 1963-64 TO 1988-89

Years	Number of Members
1963-64	732
1967-68	2716
1968-69	3667
1969-70	4833
1970-71	4974
1971-72	4974
1972-73	4948
1973-74	4949
1974-75	4960
1975-76	8428
1976-77	8503
1977-78	8503
1978-79	8541
1979-80	8544
1980-81	8563
1981-82	8932
1982-83	9098
1983-84	9098
1984-85	9098
1985-86	9098
1986-87	9097
1987-88	9098
1988-89	9098

Source: Data Compiled from the record of the society.

The above table shows that the membership which was 2716 in the year 1967-68 increased to 4948 in the year 1972-73 and 8544 in the vear 1979-80. Thus the individual membership of the store increased to 214% as compared to 1967-68. With the implementation of P.D.S. and the distribution of controlled cloth etc. the membership of the society has been again increasing in the year 1981-82 with the membership of 8932 and again increased to 9098 in the

year 1985-86 and it was stagnant upto 1988-89.

The position of the membership as on June 30 1990 was individual members, 9086: Primary stores 9: wholesale stores : Nil; other societies: 2; Government 1. The total membership - 9098. The overall position of Membership has been on an increase upto 1981-82 as will be evident from the Exhibit: No:1.

If we compare the membership of the stores with other wholesale stores of the state, it may be stated that the membership of Vishakapatnam stores can be said to be very encouraging as may be evident from table III - 6 except for the years 1982-83 to 1988-89.

At present the membership of the store can be said to be satisfactory as compared to the average membership of A.P. per wholesale but at the same time, its stagnancy from 1982- 83 onwards cannot be ignored.

The average of Andhra Pradesh wholesale stores works out to above 6660 per store, while of the Visakhapatnam Store it works out to 9098. With the analysis of above data it can be said that the store has attempted to increase individual members of its own. Every consumer should in the first instance, be encouraged to become a customer of the store. For this purpose, retail outlets stocked with proper and adequate assortment should be

extended and operated at suitable places to cater to the needs of the various groups of consumers. Undoubtedly, the service rendered by the store alone attracts customers. The best tool to increase the members' loyalty is to render proper and efficient service with suitable incentives.

Share Capital

It is not only sufficient to organise a cooperative store, but it is also essential for a store to have adequate share capital for its successful operation, Vishakapatnam consumer stores can be said to have reasonable sound financial structure.

In the beginning, the store started its business with a share capital of Rs.2,890 in 1963-64. Gradually the amount of share capital has increased with the assistance of the Government of Andhra Pradesh as shown in table III - 1.

It can be seen therefrom that in 1981-82 an amount of Rs. 29,74,000 was received. The yearwise position of the share capital is shown in table below.

TABLE NO:III - 7

POSITION OF SHARE CAPITAL VISHAKAPATNAM CONSUMERS' STORES FROM 1966-67 TO 1988-89

Years	Rs Share capital
1966-67	1,33,020
1967-68	4,34,090
1968-69	4,44,260
1969-70	4,54,170
1970-71	4,55,570
1971-72	12,39,230
1972-73	12,39,230
1973-74	14,57,240
1974-75	14,57,350
1975-76	19,00,690
1976-77	19,71,690
1977-78	19,71,690
1978-79	19,72,260
1979-80	19,72,260
1980-81	20,02,420
1982-83	24,16,160
1983-84	50,31,890
1984-85	50,31,890
1985-86	50,31,890
1986-87	50,31,890
1987-88	50,31,850
1988-89	50,31,890

The above table reveals that the amount of paid up Share Capital has been on an increase. The paid up share capital of Rs. 1,33,020 in the year 1966-67. increased to Rs.4,34,090. in the year 1967-68. Again the paid up share capital came up to Rs. 20,02,890 and to Rs.50,31,890. Thus it increased up to 1405% as compared to 1966-67. It was a tremendous increase in the year 1985-86. With the state participation of Rs. 49,07,800, the total amount of paid

up Capital became Rs. 50,31,890 showing an increase of 3768% as compared to 1966-67. This amount continues till today.

The details of share capital for the last five years can be seen as under :

TABLE III - 8

DETAILS OF SHARE CAPITAL

FROM (1984-85 TO 1988-89)

Particulars	1984-85	1985-86	1986-87	1987-88	1988-89
INDIVIDUALS	1,18,170	1,18,170	1,18,170	1,18,170	1,18,17
PRIMARY STORES	5,900	5,900	5,900	5,900	5,90
WHOLESALE STORES	NIL	NIL	NIL	NIL	NIL
GOVERNMENT	49,07,800	49,07,800	49,07,800	49,07,800	49,07,80
OTHER SOCIETIES	20	20	20	20	20
	50,31,890	50,31,890	50,31,890	50,31,890	50,31,89

Source: Data compiled from the records of the Society.

The above table reveals that the amount of share capital was Rs. 50,3,890 in the year 1984-85. But it was stagnant upto 1988-89. Especially in 1980 the state contribution to share capital worked out approximately for Andhra Pradesh to Rs.5.88 lakhs and that of Visakhapatnam Consumer Stores stood at Rs.49.08 lakhs. [1]

The table reveals that 9097 members contributed Rs.1,24,090 toward Share Capital while Govt contributed Rs. 49,07,800. The Share Capital contributed by individual members in the functioning of the Super Bazar is only nominal and the entire financial stake in these institutions is that of the State Government.

It would be of interest to compare its position with the other wholesale stress of Andhra Pradesh as well as of India as a whole. The following table gives a comparative study of share capital etc of Viskhapatnam Store with the average of A.P and India.

1. Annual Report - Visakhapatnam Central Cooperative Stores - 1988 - 89

TABLE - III - 9

Showing Comparative Position of Share Capital Turnover for 1988-89

	Share Capital Rs. in Lakhs	Membership	Sales Turnover Rs. in lakhs
INDIA	4.97	4614	134.00
ANDHRA PRADESH	11.52	6667	92.32
VISAKHAPATNAM	50.31	9098	689.19

Source Compiled and calculated from :

1. Annual Report, Civil Supplies,Govt of AP
2. Office of the Registrar, Cooperative Societes, AP, Hyderabad
3. Records of the Viskhapatnam, Consumer stores

[. Annual Report, Visakhapatnam Central Cooperative Stores 1988-89

The above figures show that the share Capital of Viskhapatnam Consumer Stores is relatively very high as compared to those of Andhra Pradesh and all India average. As regards membership as indicated in the table III-7, it may be mentioned that it was high in relation to the average of Andhra Pradesh and even compared to the average of India. The sale turnover of the store of Rs.6,89.19 lakhs in the year 1988-89 was relatively high as compared to the average of sales per store of Andhra Pradesh and India. viz Rs. 93.32 lakhs and Rs.1,34,00 lakhs respectively. During 1988-89 the Visakhapatnam store has enhanced its sales turnover to the extent of approximately 73% as compared to 1985-86. Thus, it may be expected that the store will increase its business tremendously in the coming years.

The business of Super Bazar is growing year after year. At present the average monthly sales amount to Rs. 46 lakhs.

RESERVES AND FUNDS

The volume of business or turnover depends upon the amount of working capital available with the cooperative store and the reserve fund is the main indicator of their financial strength. In visakhapatnam consumer stores, the working capital has increased from Rs. 98.18 lakhs in the year 1980-81 to Rs.138.96 lakhs in the year 1983-84 and to Rs 220.52 lakhs in the year 1988-89.

The reserves and the funds of the society have also increased gradually. The following table gives a complete idea regarding the balance of reserves and funds with the society.

TABLE III - 10

Position of Reserves and other Funds

1985-86	Rs 7.80 lakhs
1986-87	" 7.80 lakhs
1987-88	" 8.90 lakhs
1988-89	" 8.90 lakhs

Source: Compiled from the Records of the Society.

It is evident from the table III -10 that the amount of reserves and funds contributed by the store has been increasing. Since inception, the store has contributed a prescribed amount to reserves and funds. The balance of Rs 7.80 lakhs in the year 1985-86 increased to Rs. 8.90 lakhs in the year 1988-89.

With the above analysis it may be concluded that in order to have sound and strong financial base, the store should try to increase the amount of reserves and funds and the rules regarding 'provision of reserves[1]' should be strictly followed.

1. Any amount due by the society and not claimed within the period of limitation allowed by Indian limitation- Act shall be added to Reserve fund of the Society (Bylaws 56,)Cooperative Central Stores P Ltd. Vishakapatnam page 22.

FINANCE

It is not only sufficient to organise a cooperative store, but it is also essential for a store to have adequate working capital for its successful operation. Likewise, Visakhapatnam consumers' Stores can be said to have reasonably sound financial structure.

In the beginnig, the store started its business with a share capital of Rs. 2890 in the yar 1960-63. Gradually the amount of share capital has increased . An idea of the increase can be had from the following table.

TABLE III - 11

Position of working Capital and Share Capital
(In Lakhs)

Years	Working Capital	Share Capital
1980 - 81	89.18	20.02
1981 - 82	116.08	24.16
1982 - 83	127.76	50.31
1983 - 84	138.96	50.31
1984 - 85	141.27	50.31
1985 - 86	150.09	50.31
1986 - 87	178.75	50.31
1987 - 88	180.72	50.31
1988 - 89	220.52	50.31

Source: Data compiled from the Records of the Society

The above table reveals that the amount of working capital has been increasing from 1980-81 onwards.

The working Capital of Rs.98.18 lakhsin the year 1980-81 increased to Rs. 138.96 lakhs in the year 1983-84. Again the amount of Working Capital increased to Rs. 220.52 lakhs in the year 1988-89. Thus it increased to 150% in the year 1988-89 as compared to that of 1980-81. Thus there is a progress in the accumulation of Working Capital also for this Store.

PRESENT POSITION

On the whole, the sale turnover of Visakhapatnam Wholesale/Central Store has been increasing since 1966-67. In the beginnig, this increase was mainly due to scarce, controlled, semi-controlled and essential consumer goods supplied to the general public. It must possess a sound sales organisation as the success of any consumer store is measured by its efficiency in supplying goods and services that members need[1]. Generally the sale prices fixed, are lower than the prevailing market prices . The store also pays incentives for sales promotion: In order to increase and retain members' loyalty,the store should attempt seasonal compliments, special sales offer, attractive prize scheme atc.. apart from provision of share dividend, purchase rebate etc. to the customer members. The customer

1. NCDC and Warehousing Board p.66

amenities such as good parking space, drinking water, public telephone facilities, civic amenities, pleasant shopping atmosphere , keeping sales premises neat and clean, special attention to layout ,fixtures, window display, gifts, greetings are other measures which the store must undertake to win the mass support. At present the store is devoid of smart and charming sales counters to be manned by smart saleman /sales girls.

In addition to sales, some of the unique privileges like door-delivery , mobile van service, celebration of National festivals, emergency shopping centres along with credit facilities to the members whereever needed would help to build up the image of the store. Again ,attending the customers' complaint promptly and helping them in all possible ways to utmost satisfaction by employing suitable sales, publicity and public relation techniques would help the store in active participation of the people.

Table III-12 below shows the profit and loss of the institution upto 1988-89. It can be seen therefrom that the accumulated loss at the end of 1988-89 was Rs. 11,40,665/-.

TABLE III - 12

Showing the financial position as at the end of 1988-89

YEARS	PURCHASES Rs	SALES Rs	NET PROFITS Rs	NET LOSSES Rs	ACCUMULATED LOSSES Rs
1967-68	1,26,12,093	1,22,22,870	-	1,25,499	1,25,499
1968-69	1,41,54662	1,47,79971	-	3,07,578	4,33,078
1969-70	138,94847	1,48,24741	-	2,99,749	7,32,827
1970-71	1,35,86,310	1,45,99373	-	3,47,092	1079919
1971-72	1,35,53340	1,4232,954	-	3,78,227	14,48146
1972-73	1,90,92356	3,01,34690	-	72,727	15,20873
1973-74	3,07,52722	3,09,10,355	2,26,351	-	1294522
1974-75	3,28,42274	347,17,510	3,21,578	-	982944
1975-76	2,73,35,732	299,48,309	2654	-	980290
1976-77	3,24,39272	3,46,82413	2709	-	977581
1977-78	2,77,79,357	296,25232	2,072	-	975509
1978-79	2,30,48368	246,51918	-	933,453	1908,962
1979-80	2,33,37,160	2,44,91577	-	22,176	1931138
1980-81	2,37,27,326	2,35,54814	-	66,713	1997851
1981-82	3,25,50308	3,36,26187	1,38864	-	1859987
1982-83	3,97,15846	4,01,16643	72,920	-	1786957
1983-84	431,25809	446,60049	2,34,610	-	1551447
1984-85	429,27137	4,6437367	166,499	-	1384948
1985-86	467,03,791	5,00,20743	3206	-	1361740
1986-87	487,83060	5,0465065	-	-	-
1987-88	5,7152781	61682972	1,02,310	-	12,99,430
1988-89	59908.906	68919891	1,18,765	-	11,40,665

CONCLUSIONS AND SUGGESTIONS

1. Inspite of the huge business turnover, the Visakhapatanam wholesale store (superbazar) has to make much progress as fovr as its financical soundness is concerned. As at the and of 1985-86, the accumulated losses stood at Rs. 13,61,740. This loss has been coming from 1967 - 68 onwards.[1]. Though in some years, profits were earned by the Stores, they could not wipe off the already accumulated loss incurred from year to year. At the end of 1988-89, the accumulated loss was Rs.11,40,665.

2. On account of huge losses sustained by the Stores, amounts transferred to the reserve funds are comparatively small (Rs. 8 lakhs). The financial stability of the stores is gauged by the amount of reserve funds it possesses.

3. The share capital of the stores is Rs.1.23 lakh, i.e, amount contributed by the members and Societies. The Government share of the Share Capital is abnormally great (Rs.49 lakhs) and this shows the enormous dependence of the Super Bazar on the Government. This has to be rectified by increasing the share of the individuals.

4. There are 9086 individuals registered in the Store and their Share Capital is Rs. 118,170.

1. Brief note on the working of the Viskhapatnam Cooperative Central Stores (Super bazar) Dt.18-04-1988

Even if the membership fee is fixed at Rs. 100 per member a total share capital of Rs. 9,08,600 could have been collected. The store has to consider the desirability of collecting more amount atleast at Rs.100 per member by amendment of the byelaws,if necessary, so as to ensure the soundness of the financial position.

5. As per the report of the Super bazar for 86-87,it took so far an amount of Rs. 15,55,000 as loan out of which a sum of Rs. 2,67,295 has been repaid. An amount of Rs. 12,67,705 is still to be repaid. When huge amounts are accumulated as losses, borrowing beyond means does not seem to be financially prudent.

6. According to the same report, a cold storage unit built by the Superbazar in its' premises at a cost of Rs.50,000 with the financial assistance of State Government is let out to the Farmers' Rural Extension Service in Horticulture (FRESH) at an annual rent of Rs. 5,000/- for their utilisation for keeping vegetables etc. As the aim and objective of the Superbazar does not embrace this function, it amounts to contradiction to cooperative principles.

7. According to the latest report for 1986-87 prepared by the Institution, there is an ambitious plan contemplated by it to construct a multi storeyed building at a cost of

Rs. 53 lakhs. When the financial position is not very sound, ventures to consturct buildings at high cost by borrowings may have serious repercussions. One of the reasons for liquidating the superbazar at Hyderabad was its inadvisable policy of construction of new buildings without proper finances.[1]

As losses are incurred continuously, immediate action has to be taken to sort out reasons for the loss especially when sales and purchases are in the order of Rs. 5,04,65,065 and Rs.4,87,83,060 respectively for 1986-87. In spite of huge business turnover, still, if losses occur, it may be due to the following reasons as is in the case of several such cases.

a) Heavy overhead charges
b) accumulation of damaged stocks
c) pilferage of stocks
d) injudicious purchases
e) inadequate periodical stock verification
f) laxity in supervision and inefficient management
g) misappropriation/defalcation
h) unwise investment of money on unproductive purposes.

1. Report of the High Level Committee on the Working of Kalpalathai Super Bazar, Hyderabad,1976

As the Superbazar authorities are contemplating opening of more branches in city and suburbs and establishing two more units of departmental stores in Visakhapatnam (as per the latest report of the institution), an internal audit followed by the external audit by the Chief Auditor, A.P is an immediate step to be adopted by the Department.

"Cooperation, however, has itself grown up in the stimulating atmosphere of free competition and has won its success through entering into free rivalry with other forces of enterprise and demonstrating its advantages and its superiority. The Champions of the movement are fully aware that no lasting social advantages are attainable merely because a certain economic function is being taken over by coopertive organisations. The movement only has real importance for the community provided that its organisational discoveries and ideas are applied in a truly rational manner and along lines which allow of a continual development,according as its resources and public confidence make the extension of its sphere of activity possible".

International Wholesale Corporation by Anders Hedberg P-1.

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CHAPTER IV

PRIMARY CONSUMERS' CO-OPERATIVE STORES

Andhra Pradesh was formed in November,1956. Prior to that, the consumer's co-operatives were not strongly established in the regions of Andhra and Telengana which ultimately became the State of Andhra Pradesh. The region of Andhra belonged to the composite State of Madras and Telengana was part of the State of Hyderabad.[1] Eventhough the seeds of the movement were sown here and there, a full fledged movement in the right shape came into existence only in the subsequent years.

The first co-operative consumers' society was organised in 1904 in the composite state of Madras on the eve of the enactment of first co-operative Credit Societies Act. The main aim of the Act was to supply necessities of life to the members of the societies. It was called the Triplicane Urban Co-operative Society Ltd, which was one of the largest societies in the country and it began to spread to other parts of the country. The progress of the society was slow but during the Second World War the movement made a good progress due to steep price of the commodities. A need was keenly felt to check the rising prices and to ensure

1. Indian consumers' co-operator,september volume 12 1985 published by Shri K.D.Tripathi,Manager, National Co-operative Consumers'Federation of India Ltd.,New Delhi.

equitable distribution of controlled goods. That is how the Government had to adopt measures to entrust the work of distribution of those goods to the co-operative societies. The rapid progress thereafter is due to the preferential treatment given to the co-operative sector[1].

In 1931-32 there were five Primary Co-operative Stores-three in East Godavani District and one each in Krishna and Anantapur districts. The total membership was 750 but it increased to 6300 within a few years. The value of goods purchased and the value of goods sold were Rs.4.55 lakhs and Rs.4.79 lakhs respectively. When the second World War broke out as mentioned above,the whole situation was changed and there was a tremendous growth in the movement. The Government introduced policies of price control,rationing and controlled distribution of essential goods. Thus the services of the consumers' stores were utilised. The following table indicates the growth of the number of societies and their transactions.

1. Shri C.S Rayudu - Distribution of consumers'articles in rural and urban area through cooperatives in Andhra Pradesh. Indian Consumers' cooperator. September,1985.

TABLE IV -1

Progress of Primary Consumers' Cooperative Stores in Andhra Pradesh from 1930-31 to 1940-41

Years	Number of Societes	Number of Members	Value of goods purchased	Value of sales
			(Rs in lakhs)	
1931-32	5	750	.32	.33
1932-33	5	660	.30	.34
1933-34	4	510	.30	.32
1934-35	11	620	.49	.51
1935-36	15	860	.77	.80
1936-37	17	1120	.79	.94
1937-38	20	1540	1.50	1.57
1938-39	23	2160	2.00	2.19
1939-40	64	4730	2.84	2.91
1940-41	74	6300	4.55	4.79

Source. Office of the Registrar of Co-Operative Societies,Andhra Pradesh Hyderabad.

The table shows how far there was rapid growth of number of societies and growth of number of members. At the outbreak of the war in 1939, the position was changed and there was a remarkable progress.

Even after the conclusion of the war in 1945, the growth of the movement continued as could be seen from the following data.

TABLE IV - 2

PROGRESS OF PRIMARY CONSUMERS' CO-OPERATIVE STORES IN 1945-46 AND 1950-51

Particulars	1945-46	(Rupees in lakhs) 1950-51
No. of Primary Stores	528	6.05
Membership	97,674	1,20,310
Purchases	311.06	289.95
Sales	331.96	309.09
Profits	20.90	19.14
Losses	nil	nil

Source: From the Office of the Registrar of Co-operative Societies,Hyderabad,Andhra Pradesh.

The above table discloses that in 1945-46 there were 528 Primary Stores and in 1950-51 there were 605 resulting in 12% increase.The membership was also considerably raised to 120310 in 1950-51 from 97674 in 1945-46. Though there was a decline in the value of goods purchased and that of sales, the reduction is not substantial. No store sustained any loss.

During the period from 1946-47 to 1950-51, on account of several political changes occurred in India, many decisions such as imposition of control over food grains, formulation of First Year Plan etc. were taken. They brought overall changes in the system of distribution of consumers' commodiites. In July 1948, control over food

grains was reimposed and retail distribution of consumers' goods was entrusted to the consumer's co-operatives. This was in conformity with the intention of the Government of India to make the people themselves responsible for the distribution of goods. There was an unprecedented enthusiasm among the general public when this was announced by the Government of India. Many Societies were registered in response to the Government decision within such a short time that the Department found it difficult to finalise the formalities promptly.

Accordingly, the areas under the rationing scheme were identified and a separate consumers' society was established for smaller areas. It was decided that the distribution of rationed food grains should be handed over to the consumer societies if 25% of the population of a sub-area became members of the society. To each society, about 600 cards were attached and thus a co-operative society had about 8 to 10 shops within its area of operation. Much propaganda was also made to persuade the people to organise consumer societies.

As seen from the following table, there was a decline in the progress of the movement especially in the field of primary consumers' co-operatives.

TABLE IV-3

PRIMARY CONSUMERS' CO-OPERATIVE STORES,1948-1951

in lakhs of rupees

Year	No.of Societies	No. of the Membership	Value of goods Purchased	Value of goods sold
1948-49	667	130515	459.27	466.99
1949-50	649	120378	373.60	389.23
1950-51	605	120310	289.95	309.09

Source: data collected from the office of Registrar of Cooperatives of Hyderabad,Andhra Pradesh.

The overall picture indicates that there was a gradual decline in the growth of the primary consumers co-operatives. The transactions had come down as can be seen from the value of goods purchased and sold in 1948-49 and 1950-51. The main reason for the reduction of the purchases and sales is due to reduction of 1% in the margin money allowed by the Government on the distribution of ration of food grains. There were also substantial losses in the disposal of empty bags. There was much dissatisfaction among the societies as they incurred heavy losses during 1950-51 and 1951-52[1].

In view of the deteriorated condition of the co-operative societies, the Government began to study the

1. Cooperative Developaent in AP by CoopDepartaent,AP Hyderabad 1952

causes of the decline. It was assessed that in spite of the set back, the consumer societes would be able to develop the business transactions in the immediate future.

When the First Five Year Plan was adopted by the Government in 1951-52, multi purpose co-operative societies were formed and they had taken up the supply of improved seeds, fertilisers and implements. Along with that, they were to arrange for the supply of consumer goods to the members of the societies. Simultaneously, there was a relaxation of the condition of controls.

In 1952-53, the rationing and the controls were abolished resulting in much loss of business by the primary consumer co-operative stores. There was a spectacular fall in the sales turn over from Rs.2074 lakhs to Rs.1125 lakhs.

From the table given below, it can be seen as to how the condition of the consumer co-operatives was not satisfactory for the four years from 1953-54 to 1956-57.

TABLE IV - 4

THE TREND OF THE PRIMARY CO-OPERATIVE STORES FROM 1953 TO 1957

In lakhs of Rupees

Particulars	1953-54	1954-55	1955-56	1956-57
1.Number of consumer stores	529	417	310	396
2.Membership	1.14	0.83	0.71	0.72
3.Average Membership per store	464	502	436	550
4.Paid up Share	17.31	12.83	10.7	8.807
5.Reserve & Funds	10.75	11.67	12.3	15.381
6.Borrowings	16.07	12.05	14.2	12.903
7.Working Capital	44.13	35.85	37.3	44.021
8.Sales	106.78	60.71	67.3	90.872
9.Net Profits	0.83	0.60	1.1	2.464
10.Losses	18.45	14.45	12.7	8.234

Source :Annual Administrative Report of Registrar of Co-operative Societies of Hyderabad,Andhra Pradesh.

The number of consumers' stores was coming down from 529 in 1953-54 to 396 in 1956-57. So also, the membership was very much reduced from 1.14 lakhs in 1953-54 to .72 lakhs in 1956-57. In respect of the most of the particulars, there was a marked deterioration except the net profits which was Rs.0.83 lakhs in 1953-54 rose up to Rs.2.46 lakhs in 1956-57. In the case of losses also there

was an improvement, i.e, from Rs.18.45 lakhs in 1953-54 it has fallen down to Rs.8.23 lakhs. But there was a downward trend of the sales from Rs.106.78 lakhs in 1953-54 to Rs.90.87 lakhs in 1956-57. This was mainly due to decontrol and de-rationing the Stores which were dealing with the consumer goods. This set back continued for some more years.

Before the formation of the State of Andhra Pradesh, in November 1956, the position of the consumer Stores was not satisfacotry. But from 1959-60 onwards, there was a steady increase in number of co-operative stores, membership, sales and profit. The following table gives an idea of the progress made by primary co-operative stores from 1959-60 to 1961-62.

TABLE IV - 5

PROGRESS OF PRIMARY STORES IN ANDHRA PRADESH FROM 1959-60 TO 1961-62

(In lakhs of ruppes)

Particulars	1957-58	1959-60	1960-61	1961-62
1.No.of Stores	310	475	489	539
2.Membership	0.82	0.86	0.89	0.90
3.Average membership per store	377	552	548	598
4.Share Capital	10.73	11.54	11.79	13.52
5.Reserve & Funds	14.48	25.93	26.17	27.09
6.Borrowings	4.85	12.68	13.16	14.94
7.Working Capital	53.71	50.15	51.12	55.50
8.Sales	118.88	169.20	179.10	193.30
9.Profits	3.62	4.46	3.71	6.29
10.Losses	10.09	0.96	0.77	1.35

Data compiled from the Annual Reports of Registrar's Office,Co-operative Societies, Hyderabad,Andhra Pradesh.

The analysis of the above data reveals that there was a significant increase in the number of co-operative stores, in the years 1959-60,1960-61 and 1961-62. Consequently, the membership also increased in these years resulting in all round progress in all other respects such as share capital,Reserves and Funds, Sales,Profits etc. Remarkably,

the losses also considerably reduced from Rs.10.09 lakhs,Rs.1.35 lakhs in 1961-62.

In respect of Share Capital of the societies also very good progress was made compared to the position in 1956-57. In that year, the share capital was Rs.8.80 lakhs but in the subsequent years,i.e, 1959-60, 1960-61 and 1961-62, the amounts were Rs.11.54 lakhs, Rs.11.79 lakhs and Rs.13.52 lakhs respectively. The working capital in 1961-62 was Rs.55.50 lakhs compared to Rs.44.02 lakhs in 1956-57.

It will be of interest to note the working capital per store for these years. In 1953-54, the number of Stores was 417 and the working capital was Rs.35.85 lakhs and thus it works out to Rs.8357 per store. But in 1955-56 the corresponding figure was Rs.12,035 per store and in 1961-62 it was Rs.10,296 per store.

As regards borrowings, there were changes but not very significant except for the year 1957-58. From 1953-54 to 1956-57, the figures were Rs.16.07 lakhs Rs.12.05 lakhs,Rs.14.23 lakhs and Rs.12.90 lakhs respectively but in 1957-58, it declined to Rs.4.85 lakhs and again enhanced to Rs.12.68 lakhs, Rs.13.16 lakhs and Rs.14.94 lakhs in 1959-60 1960-61 and 1961-62 respectively.

Attempts were made by the Government to find out the reasons for the decline in the progress of the primary consumer stores because many such stores were defunet as they were not running on profits. It was analysed that following important factors contributed to the losses or reduction in profits.

a) Weak organisational structure.

b) Small and uneconomic size of the societies.

c) Inadequate funds.

d) Heavy Working Cost.

e) Disloyalty on the part of the members.

f) Inefficient management.

g) Inexperienced and untrained staff.

h) Heavy competition from the private trade.

i) Inadequate and unsuitable premises for shops and godowns.

In 1962, the Government of India introduced the centrally sponsored schemes for the whole country and the State of Andra Pradesh also was very much benefited by these schemes.

The consumers' co-operative movement received impetus with the introduction of these schemes in 1962 and accelerated programme in 1966. In the Third Five Year Plan, these schemes were included for organisation of the consumers' Co-operatives with the financial assistance to be shared by the State of Andhra Pradesh and Central Govt. The

scheme envisaged creation of centralcadre of managers for the consumer stores in Andhra Pradesh and State participation in primary stores and higher organisations. All consumer goods produced at Govt. concerns should, as far as possible, be distributed through the stores. All supplies of Govt. and Semi-Govt. organisations and establishments should be arranged through those stores.

According to the centrally sponsored schemes, consumer cooperatives were to be organised in about 250 cities and towns having a population of more than 50,000. It contemplated the organisation of 200 wholesale/ central stores with about 4000 members of primary stores. The wholesale stores should start retail branches in the areas within their jurisdiction. Each wholesale/central store was to have on an average 20 members' primary store or minimum 10 branches. A primary store or branch should have ultimately at least 500 members. But in the initial stage, it could start with 100 members.

In November,1962, Govt. of India sanctioned a centrally sponsored scheme for the organisation of a network of consumers', cooperatives in all important towns and cities in the country. This was sanctioned immediately after the declaration of the National Emergency. The purpose of this scheme was to ensure an equitable distribution of consumer

goods at fair prices, especially in the urban areas. This had a good impact on the rising price line. But still, the country was in the grip of inflation and of high prices. Thus the Govt. felt the need to create a net work of consumers' cooperatives in order to check the rising prices of essential goods including foodgrains in order to ensure their fair and equitable distribution at reasonable prices.

It was anticipated that at the end of the operation of two years, at least 25% of the families living in the areas covered under the scheme should be enrolled as members of those organisations. It was estimated that the sale per primary store should be to the tune of Rs 2 lakhs per annum and the sales per wholesale stores per year should be at least Rs 4 million. It was expected that the programme was to be fully implemented from 1963-64 as explained below.

In 1962-63, there were 24 wholesale stores and 410 primary stores. In 1963-64, the primary stores were increased to 601. Each state was to form its own programme in accordance with its assessment of its ability to implement the schemes. After the registration of the cooperative stores, some reasonable time should be given for provision of godowns, supplies and staff arrangements. Normally, one or two months should be given depending on the local conditions and it should be seen that there is no

delay between registration and starting of business operation.

In Andhra Pradesh, much time was taken to start business operations by Primary stores mainly because of the difficulties in getting suitable accommodation. In the case of wholesale stores, the delay was not too much and slight delay took place for want of arrangements in supply.

According to the structural pattern, the cooperative stores were to be organised in the following manner.

a) Federal pattern: (Primary Societies federated into a wholesale)

b) Unitary pattern: (Wholesale Stores operating branches)

c) Mixed Pattern (Wholesale Stores operating branches with primary societies also affiliated.)

The cooperatives were given the option to choose any pattern according to their local conditions. The mixed pattern was favoured by most of the states. At the Centre, the Ministry of Commerce and Industry, the Textile Commissioner, the Food Ministry, the Drug Controller etc were requested by the Dept. of Cooperation to ensure supplies to the wholesale stores in all the states. A Govt. Coordination committee consisting of representatives of all

concerned Departments was set up to ensure supply of essential commodities to the consumer stores. The finance was supplied by the Central Govt. through the National Cooperative Depts. and Warehousing Board (NCDWB) which in turn channelled the finance through cooperative Dept of Andhra Pradesh Govt.

The following chart gives an idea of the pattern of financial assistance given to A.P Govt.

Table IV - 6

Pattern of financial assistance available to wholesale Primary stores and branches:-

Kind of finance	Wholesale Stores. Rs	Primary Stores. Rs	Conditions
1. Share Capital	1,00,000	25000	-
2. Cash Credit	2,00,000	-	Repayment in 10 instal ments
3. Loan for godowns 75% loan and 25% subsidy	50,000	-	-do-
4. Loans for trucks and other equipment. 75% loan and 25% subsidy	50,000	-	Repayment in 5 years in 5 instalments.
5. Managerial or rent subsidy for 5-10 years.	10,000	7000	Restricted to actual expenses

Source- Consumers Cooperative movement in India by Sri. S. Dandapani and Sri. R. Arvidasan, ICA publication, New Delhi 1971-p.58.

A joint Registrar was appointed in each state and he was paid by the Central Government for implementing and for administering the scheme. The inspection and the audit staff were also strengthened and the Central government met 50% of the cost. Again, Government of India supplied scarce and controlled commodities to the state co-operative societies to meet the pressing demand.

The Progress of the consumer primary stores for the year 1962-63 to 1966-67 is indicated below.

TABLE IV - 7

TREND OF PROGRESS OF PRIMARY COOPERATIVE STORES IN ANDHRA PRADESH (1962-63 TO 1966-67).

(In lakhs of Rupees)

Particulars	1962-63	1963-64	1964-65	1966-67
No. of Primary Stores	410	601	651	754
New Stores Organised	83	191	50	103
Average Membership per Store	273	291	295	352
Membership	1.12	1.75	1.92	2.66
Total Share Capital	19.15	33.67	29.11	42.55
Average Share Capital per store	4670	5602	4471	5642
Total Sales	243.73	383.48	793.14	1381.71
Average sales per store	59445	63807	121834	183185
Borrowings	42.30	75.75	124.20	130.56
Total Working Capital	123.27	139.77	188.03	214.64
Losses	9.50	11.35	14.42	32.23
Profits	5.55	7.51	8.15	12.51

Data collected from the Office of the Registrar of Cooperative socities, Andhra Pradesh, Hyderabad.

The above table indicates that there was continuous increase in the number of primary stores every year. in 1962-63 the total number of Primary stores was 410 but in 1966-67, it was 754 showing 85% increase. About 5% of the

primary stores registered was promoted under centrally sponsored scheme. The number of the individual membership also recorded rapid increase. From 1,12,000 membrs in 1962-63, it registered an increase of about of 1,54,000 totalling to 2,66,000 in 1966-67 due to drive by the department. The average membership per store rose from 273 in 1962-63 to 352 in 1966-67. So also, there was a substantial increase in the share capital from Rs. 19.15 lakhs in 1962-63 to Rs, 42.55 lakhs in 1966-67. Thus the average share capital per store also recorded an increase from 4670 in 1962-63 to 5642 in 1966-67.

Regarding sales, there was a good increase year by year from 1962-63 onwards. The figure of Rs. 243.73 lakhs in 1962-63 increased to Rs. 383.48 lakhs in 1963-64, Rs 793.14 lakhs in 1964-65 and to Rs. 1381.71 lakhs in 1966-67. The average sales per store work out to Rs. 59445 in 1962-63, Rs. 63,807 in 1963-64, Rs. 121,824 in 1964-65 and Rs. 1,83,185 in 1966-67. As regards borrowings, there was enhancement upto about three fold within the span of two years. From Rs.42.30 lakhs in 1962-63, the borrowing increased upto Rs. 130.56 lakhs in 1966-67. In respect of total working capital also there was a steady increase from 1962-63 to 1966-67. It was Rs. 123.27 lakhs in 1962-63 and Rs. 214.64 lakhs in 1966-67.

The total amount of profits earned by the primary stores amounted to Rs. 5.56 lakhs in 1962-63 and to Rs. 12.51 lakh in 1966-67. There was a steady increase from 1962-63 onwards. Losses occurred in primary stores during these years were very heavy and year by year losses were on the increase. From a sum of Rs. 9.50 lakhs in 1962-63, the records showed a sum of Rs. 32.23 lakhs in 1966-67. The losses were attributable to inadequate funds and weak organisational structure.

During 1966-67, the co-operative stores were able to receive extra financial assistance through the accelerated programme. About 103 new primary stores were registered during that year i.e. 1966-67.

The following table indicates the progress and development of primary stores during 1966-67 to 1971-72.

TABLE IV -8

Primary consumers' co-operative stores in Andhra Pradesh from 1966-67 to 1971-72

(Rs in lakhs)

Particulars	1966-67	1967-68	1968-69	1969-70	1970-71	1971-7
No. of Stores	754	826	797	760	757	761
Membership	266390	2,91,808	297619	302532	270846	249009
Paid up Share Capital	42.45	46.41	59.24	72.39	63.54	32.44
Reserve& Funds	41.53	53.15	76.67	94.54	56.71	54.10
Working Capital	214.64	211.93	217.91	280.26	206.97	244.76
Total Sales	1381.71	1211.93	1195.13	1096.50	971.98	650.46
Average sales per store	183185	1,46,732	1,49,951	1,44277	1,01908	85462
Profit	12.51	98.00	11.66	14.2	13.86	11.67
Losses	32.23	30.58	24.67	25.56	52.97	15.71

Though there was some progress in the number and working capital of the societies the overal picture is not happy. There was considerable reduction, in respect of membership, sales, profit etc. From 2,66,390 in 1966-67 the membership came down to 2,49,009 in 1971-72. In respect of sales, the amount in 1966-67 was Rs. 1381.71 lakhs whereas in 1971-72 it came down to Rs. 650.46 lakhs. Consequently,the average sales per store also registered a decrease. Though there was an appreciable profit in 1967-68 i.e. Rs. 98 lakhs for a sales turnover of Rs. 1211.93 lakhs,

the figures for the subsequent years exhibited a downward trend, viz., Rs. 11.66 lakhs,Rs.14.24 lakhs, Rs.13.84 lakhs and Rs. 11.67 lakhs for 1968-69, 1969-70, 1970-71 and 1971-72 respectively.

During the period under review, the figures in resect of number of stores, membership, working capital etc. were about uniformly same with slight variations. This indicates that there was no significant progress in the working of consumer's Stores. For eg. the working capital of the societies did not show any evidence of fresh capital of high magnitude being added to improve the business of the societies. The only conclusion is that the status quo of the societies was maintaind without any appreciable enhancement of the financial position of the societies.

A review of the working of the primary consumers' stores has disclosed the fact that substantial progress was not made in Andhra Pradesh from 1972-73 onwards either due to paucity of funds, or inefficiency in the management. Even though many new primary stores were set up during this period under 20 point programme launched by the late Prime Minister Smt. Indira Gandhi, effective involvement of the primary stores in Public distribution system could not be achieved as designed. The following table detailing the

particulars of the primary stores from 1972-73 to 1978-89 will give an adequate idea of the slow progress of these consumers stores in serving the poor and vulnerable section of the community. The table also indicates the number of new stores set up during this period and the impact of these stores on the general working pattern of the business of the societies.

TABLE IV - 9

SHOWING THE GROWTH OF PRIMARY CONSUMER STORES
(Rupees in lakhs)

Particulars	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
1. No. of Primary Stores.	773	796	820	924	924	950	951
2. New Stores	---	23	24	104	---	26	01
3. Membership	257877	240446	272114	377450	355736	408400	392398
4. Average Membership	346	302	331	408	386	430	412
5. Total Sales per store	830.87	613.16	745.93	326.17	389.44	346.81	337.97
6. Average Sales per store	107900	77030	90967	35453	42330	36508	35575
7. Average Sales for membership	322	255	274	86	109	84	86
8. Total working Expenses	15.47	17.54	17.41	18.83	60.13	38.11	29.35
9. Average Working expenses for Store	2000	2203	2120	2037	6518	4064	3089
10. Working Capital	257.77	246.29	283.11	340.92	386.38	514.19	483.18
11. Purchases	786.43	100.18	1193.69	1244.06	3811.84	3219.45	3092.19
12. Sales of controlled commodities	658.08	591.80	634.31	670.01	642.02	1439.00	444.72
13. Sales of non-controlled commodities	165.79	113.14	286.30	350.73	53.23	453.73	300.80

Data collected from the Office of the Registrar Cooperative Societies Andhra Pradesh Hyderabad.

A close scrutiny of the figures reveals that there is an increase in the number of societies every year but the number is not encouraging. For eg. in 1976-77, there was no new society and in 1978-79 there was an addition of only one society. In respect of membership of the societies, the progress is not very appreciable. The average membership per store from year to year will give us an idea of the real progress of the movement. in 1972-73 the average membership was 346 per store and in 1975-76 it was 408, in 1977-78 it was 430. But in 1978-79 it came down to 412 per store.

As regards sales, the position was very gloomy. After 1972-73 the sales turnover was considerably reduced as the years pased by. In 1972-73, the sale value of the commodities was Rs. 830.67 lakhs but in 1978-79, it was Rs. 337.97 lakhs, the difference being about Rs. 4 crores and 92 lakhs. The purchases during the corresponding period will disclose the fact that articles were not purchased in huge qualities as compared with the figures of previous years. In 1972-73 the purchases were to the tune of Rs. 786.43 lakhs but during 1976-77, 1977-78 and 1978-79 the amounts of purchases were Rs. 381.18 lakhs, Rs. 321.94 lakhs and Rs. 309.21 lakhs respectively. Thus there is a reduction in the value of commodities purchased during the last three years and hence the sales turn over also correspondingly was reduced.

The average sale per store also was much reduced. In 1972-73 the figure was Rs. 1,07,900 but in 1976-77, 1977-78 and 1978-79 the figures were Rs. 42,330 Rs. 36,508 and Rs. 35,595 respectively. The average sales per member per annum will indicate the actual position of consumer stores as revealed in the above table. While in 1972-73 the average sale per member per annum was Rs. 322/- the same for the subsequent years was on the descending order. In 1973-74 it was Rs. 255, in 1974-75 Rs. 274 in 1975-76 Rs. 86, in 1976-77 Rs. 109, in 1977-78 Rs. 84 and in 1978-79 Rs. 86. This is also indicative of the fact that members' participation was not as expected in the case of consumer stores.

The working expenses incurred for the consumers' stores were increasing year by year. In 1972-73, the expenses were Rs. 15.47 lakhs but in 1976-77 it was Rs. 60.13 lakhs in 1977-78 it was Rs. 38.61 lakhs and in 1978-79 it was Rs. 29.35 lakhs. The average working expenses per store were ranging from Rs. 2000 to 6000, i.e. monthly expenditure comes at a average level to Rs. 175 to Rs. 500. This is on a very low side. That means the expenditure incurred on the staff, rent, and contingencies is limited to meagre amount. Thus, it explains why the consumer stores are not efficiently run and managed by well-

qualified staff.

Following Table IV-10 shows the further progress made by the primary consumer societies from 1979-80 to 1988 to 1989. Please see also the graph.

TABLE - IV-10
PROGRESS MADE BY CONSUMER SOCIETIES FROM 1979-80 TO 1988-89

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
No. of Stores	991.00	1041.00	697.00	728.00	733.00	722.00	1228.00	1240.00	1290.00	1001.00
New Stores	10.00	50.00	0.00	31.00	5.00	0.00	506.00	12.00	50.00	0.00
Membership	395041.00	545831.00	320518.00	321630.00	316206.00	296445.00	174248.00	428248.00	599764.00	408750.00
Average Membership per store	398.00	524.00	460.00	442.00	434.00	410.00	142.00	345.00	465.00	408.00
Sales	1342.27	4151.94	22165.00	2429.53	1988.11	2014.73	2359.40	2270.37	6895.81	600236.00
Average Sales per store	135.00	398.00	318.00	334.00	271.00	276.00	192.00	183.00	535.00	600.00
Average sales per member	33.00	76.00	69.00	75.00	62.00	67.00	135.00	53.00	1.14	127.92
Working Expenses	108.74	117.92	120.45	1256.75	124.79	89.63	108.29	11.36	144.75	127.92
Average Working expense per store	10.00	11.00	17.00	172.00	17.00	12.00	8.00	0.90	0.11	0.12
Working Capital	557.72	172.82	485.11	566.45	525.46	517.79	981.43	688.84	708.74	653.48
Purchases	2230.00	617.89	2134.51	2328.33	1910.53	1951.91	2259.03	2400.26	5651.35	4987.17
Sale of Controlled commodities	157.65	44332.00	184.65	953.71	200.00	178.64	224.13	248.49	287.92	201.57
Sale of non-Non-controlled commodities	726.01	617.89	1412.28	120.93	828.51	275.02	208.29	142.20	159.98	132.15
Paid up Share Capital	378.83	443.32	145.34	151.04	154.35	151.49	274.36	298.87	317.68	309.57

It can be seen from the table that from 1979-80 onwards there is a remarkable progress in the working of the primary consumer stores. Many new stores were set up during this period. The number of members who joined the movement was exceedingly great. In 1980-81 there were 545831 members and there was much improvement. It can be seen also from the table that a major portion of the sales relates to the controlled commodities. The sale of non-controlled commodities is comparatively low. That means, the consumer stores have to expand their activities on non-controlled commodities also. The success of these stores in future depends on the operation of the non-controlled commodities. It can be seen therefrom that there is a change in emphasis after the public distribution system is launched with a view to bringing down the prices of the essential commodities both in urban and rural ares. There is much scope for a greater involvement by the consumer stores in the distribution of the essential commodtles to common man. In 1988-89 the membership swelled into 4,08,750 and the public distribution system launched in 1979-80 contributed much for the growth. Consequently, the average membership per store came to 408 in 1988-89 from 398 in 1979-80. It goes to prove that there was a gradual sense of comprehension among the public about the importance of consumer stores.

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In respect of sales of commodities there was a great progress. In 1979-80 the amount of sales was Rs. 1342.27 lakhs. During the period from 1979-80 to 1988-89 there was a steady increase and ultimately came to Rs. 6009.32 lakhs in 1988-89. This shows that the movement had made rapid strides in its developement and it had reached every nook and corner of the state. The controlled commmodities were sold to the extent of Rs. 157.65 lakhs in 1979-80 and Rs. 201.57 lakhs in 1988-89.

An amount of Rs. 2230 lakhs was spent for purchase of consumer goods in 1979-80. Year by year the amount of purchase recorded a steep increase and in 1988-89, it came to Rs. 4987.19 lakhs, indicative of heavy transactions by the societies during the period. The average sale per member has not been much but the average sale per society has been quite good. In 1979-80 the average sale per society was Rs.33 lakhs and in the last five years i.e. from 1984-85 to 1988-89 the figures were Rs. .67 lakhs, Rs. 135 lakhs, Rs. 0.53 lakhs, Rs. 1.14 lakhs and Rs. 1.47 lakhs respectively. This is also an indication of the greater involvement of the comman man in the consumer's cooperative movement.

The working capital of the consumer's societies also has showed an increasing trend during this period from

Rs.557.72 lakhs in 1979-80 it has gone upto Rs. 653.48 lakhs in 1988-89. This shows the capacity of the investment of the societies for consumer goods which is an indication of the growth. Compared to previous years, the working expenses have very much increased. In 1979-80 the amount of working expenses was Rs. 106.74 lakhs and there was an increase in 1987-88 and 1988-89, i.e. Rs. 144.75 lakhs and Rs. 127.92 lakhs respecitvely.

From what is stated above it can be seen that the primary consumer stores have become popular during the past few years but still much has to be done. During 1973-74, 1977-78, 1984-85 and 1985-86, it is seen that 367, 429, 701, abd 645 societies respectively had become dormant.

As per the latest report[1] there are at present 1109 primary consumer stores as on 31st of January 1990 with a total membership of 5,92,083. The total share capital as on 31st January is Rs. 426.13 lakhs and the working capital is Rs. 649.01 lakhs.

These societies have received financial assitance from the Govt. of Andhra pradesh to the extent of Rs. 117.42 lakhs and from other sources to the tune of Rs. 35.45 lakhs.

1. Data for January 1990 prepared by the Office of the Registrar of cooperative societies Andhra Pradesh, Hyderabad.

About 530 fair price shops are being held by these primary consumer stores. It is observed that during the year 1989-90, an amount of Rs.5012.10 lakhs has been found to be the business turn over up to January 1990. Consumer goods have been sold in rural areas for the value of Rs.1332.05 lakhs and in urban areas for the value of Rs. 2802.86 lakhs totalling Rs. 4134.91 lakhs. Janata Sarees and dhoties have been sold to a tune of Rs. 177.69 lakhs and the text books and note books have been sold for a value of Rs. 190.79 lakhs up to Januray 1990.

The region-wise distribution of primary stores is given below. It can be seen that Telangana having 10 districts has only 364 stores where as Coastal Andhra having 9 districts have 551 stores. In both Rayalaseema and Telangana many more stores have to be set up. Average membership per store for coastal Andhra. Telanana and Rayalseema comes to 328,823 and 604 respectively. Coastal Andhra region requires greater drive for membership. In Rayalaseema also membership is comparatively less.

TABLE IV - 11

TABLE SHOWING THE PRIMARY STORES IN THE VARIOUS REGIONS AS ON 31ST JANUARY 1990 (Rs. in Lakhs).

Regions	No. of Stores	Membership	Share Capital
Coastal Andhra 9 Districts	551	1,80,616	180.64
Telangana 10 Districts	364	2,96,557	169.71
Rayalseema 4 Districts	194	1,14,910	77.78
Total	1109	5,92,083	428.13

Apart from the primary stores there is another category of stores known as pure primary stores established in Andhra Pradesh. They are set up in industrial areas for industrial workers. They are not well developed as they are of recent origin. The number of societies established in various industrial areas is comparatively small. However, they cater to the needs of the workers of the industries. From the table given below some of the salient features of these pure primary societies can be seen for the years 1981-82 to 1986-87.

Table IV - 12

PURE PRIMARY CONSUMER STORES
(Rs. in Thousands

Particulars	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
No. of Societies	78	84	88	88	79	79
Dormant	54	57	57	66	53	53
Membership as project	15536	16397	16696	16781	16672	16672
Working Capital	1411	1563	1325	1868	1731	1733
Paid up Capital	287	305	338	672	839	839
Reserve Funds	144	144	141	186	297	299
Deposits	82	115	115	117	97	97
Borrowings	37	62	62	72	52	52
Govt. Borrowings	0	0	10	0	446	446
Purchases	4134	4445	3686	4612	8294	9251
Sales	4336	4674	4535	5350	8292	9272
Cost of Management	110	126	171	128	209	209
Profit - No of stores	5	7	7	7	12	12
Amount	69	89	67	64	68	68
Losses - No of stores	19	20	24	15	14	12
Amount	76	93	139	161	160	140
Without Profit	54	57	57	66	53	65

Data compiled from the office of the Registrar of Co-operative Societies, Andhra Pradesh, Hyderabad.

From the above table it can be seen that the number of societies has not been increasing and there is no increase in membership. The dormant societies are also many. Out of 79 societies for 1986-87 only 12 societies could make profits and 12 societies incurred losses and 55 societies had no profits. Though profit motive is not the main objective of the stores,incurring of losses is not a healthy sign.

In spite of the good progress made by the Primary stores, still there are some weaknesses in the system.In the case of many stores they are unable to earn good profits. Some are incurring losses. Some are running without profits. The table below will give the picture about the profitability of these primary consumer's stores for 1981-82 onwards.

Table IV - 13

SHOWING THE PROFIT/LOSS OF THE PRIMARY STORES FOR 1981-82.
(Rs. in Lakhs)

Particulars	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
No. of Stores	697	728	733	722	1228	1240
Dormant	297	291	336	338	592	556
No. of Stores running as profit	101	87	86	98	275	292
Amount of Profit	12.49	11.85	12.30	17.94	12.83	31.89
No. of Stores on Loss	293	350	311	286	361	377
Amount of Loss	67.99	58.44	54.26	42.15	55.65	72.12
Without Loss/Profit	303	291	336	338	592	571

Data compiled from the office of the Registrar of Co-operative Societies, Andhra Pradesh, Hyderabad.

It can be seen from the above table, a majority of these stores do not show any profits. For eg. out of 697 stores only 101 stores earned profits. Remaining stores either incurred losses (293) or without any profit (303). So also in 1986-87 out of 1240 stores only 292 stores earned profits but remaining stores either incurred losses (377) or were without any profit or loss (571). Even those stores which incurred losses incurred very heavily , i.e, Rs. 72.12 lakhs i.e. at an average of Rs. 19000 per store. Reasons for losses shoud be analysed immediately and it should be seen whether the loss was due to one of the following reasons (a) Pilferage (b) injudicious purchases (c) Payment of heavy interst due to huge borrowings (d)inefficient management (e) increased overhead charges (f) any misappropriation/ defalcation and (g) unnecessary diversion of funds for unproductive purposes.

In some of the big districts like East Godavary, Guntur and Anantapur the stores are many whereas in other districts like Srikakulam, Kurnool, Nalgonda, Khammam which are comparatively small the stores are few. Due to concentration of stores in big cities, smaller and developing towns are not having prominent role. The desirability of adopting a policy of decentralisation of consumers stores to smaller and less developed towns and villages has to be considered.

CONCLUSIONS AND SUGGESTIONS

In these days of growth and development of consumers' cooperative movement, the place of consumers stores cannot be ignored. The primary consumer's stores in Andhra Pradesh are numerically the largest in the field of cooperation but at the same time, they are the weakest link in the structure. As already seen, many stores in Andhra Pradesh are in a state of dormancy and timely and urgent action is required to develop them on scientific and systematic lines so as to enable them to achieve the objectives for which they are set up. It is therefore desireable to indicate the conclusions drawn from the study of these primary stores.

1. First of all, it has to be remembered that these primary stores have been organised to provide rationed commodities and other essential articles of common necessities to the people of the locality. In view of the growth of the number of societies and membership with huge paid up capital and working capital having heavy transaction, it is for consideration whether they constitute potentially viable units to cater to the needs of the common man. Hence, it is doubtful whether these weak units could play a significant role in holding the price line or even compete with the retail traders. It is, therefore desirable to amalgamate the existing small primary consumer's

cooperatives with the wholesale/central consumers stores by converting the sales outlets of such amalgamated primaries into branches of wholesale/central stores for retail distribution. For this purpose, suitable amendments to the bye-laws of the consumer's cooperatives have to be considered on these lines. The same view was held by the All India Conference on cooperatives in September1976.It was resolved by them that new consumer cooperative should not be organised in future as many of them are composed of meagre membership and low turnover and hence are not viable units. it is necessary to develop a unitary pattern of structure for consumer cooperatives by instituting a process of merger or amalgamation of small or nonviable stores with the neighbouring larger and the successful stores[1].

2. Secondly, with the introduction of public distribution system and with the involvement of the consumers cooperatives thereon, there is a tremendous increase in their operations in several ways. Result, several new stores have been set up with the expectation that they will play a significant role in stablising the prices and in serving the vulnerable sections of the community in urban and rural areas. It is for consideration

Paper read by Sri.Thampan Thomas, Director National Consumer Cooperative Federation, New Delhi. on consumer movement in India. ICA CONFERENCE OCT 1974.

as to whether this object has been achieved fully and if not, how long will they have to continue in order to achieve the goal. It is true that there is a vast scope for the primary stores in specific areas to be successful in fulfilling their aspirations if they are organised on sound lines and managed by dynamic persons to compete with private trader. The following guiding principles will be of great advantage for the success of these stores. (a) Selection of required goods and commodities with special attention to quality. (b) Strict accounting and impartial auditing. (c) Supervision at short intervals (d) loyalty of members (e) adherence to customer's convenience such as home delivery etc.

3. Thirdly, it is observed that some of the affliated primaries were not making their purchases through their whole sale /central stores. Instead, they were purchasing the goods direct from the manufacturers. It may appear to be a good procedure but it contradicts the established process of placing the orders through the wholesale/central stores. Thus, neither the wholesale/central stores are able to place regular and bulk orders with the manufacturers, nor the latter are free to depend upon the primary consumer's stores for marketing their products. It is good to make it incumbent on the primary stores to have a close link with

the wholesale/central stores for purposes of purchase of the commodities.

4. Fourthly, it is seen that most of the primary stores in the state are dealing with controlled and essential articles only. Their greater dependence on controlled goods is not a desirable trend. There is a vast scope to expand their activities in respect of the non-controlled articles also. It would be advantageous for the primary stores to formulate plans for diversification of business, keeping in view its location, total availability of the area, service required by the members and customers etc. This will prevent them from overstocking, locking of capital in unprofitable investments, slow turnover,low net margins etc.

5. Further, compared to the wholesale/central stores, most of the primary stores have very low sales turnover. Unless a massive drive is made for infusing the cooperative spirit into the minds of the common man, the success of the operation cannot be ensured. The motto of the primary stores should be service and so retail outlets stocked with adequate assortment of commodities should be opened and operated at suitable places to cater to the need of various groups of consumers.

6. Again, it is observed during the course of the study that many primary stores do not adhere to the rules

under the bye-laws of the society regarding transfer of the amounts to reserves, meetings to be held, election, compilation of accounts, etc. It is for this purpose that the departmental staff are to be vigilant by visiting the stores very often. The departmental supervision will go a long way in enabling the stores for the observance of the rules.

7. Another important aspect which deserves special attention is the efficient management of stores. Special care has to be taken to see that stock taking at the end of every week is made regularly and mistakes and errors noticed are rectified promptly. Misappropriations/defalcations detected should be dealt with seriously and culprits punished severely.In cases where embezzlement of money has come to notice, the whereabouts of the culprits should be traced for the recovery of the amounts. Unless strict procedure is adopted against pilferage and defalcation the successful operation of the consumer's stores cannot be ensured. It should be seen that replies to audit queries and observations are attended to promptly by the primary societies.

8.Many of the primary stores have keen setup in schools, colleges and premises of workers and employees of offices. There does not seem to be any integration between them and

wholesale/central stores. Some of them, in fact, have not been affiliated to the wholesale/central stores and they are operating on their own. For the efficient operation of the primary stores, establishment of their link with the wholesale/central stores is a necessity and hence these primary societies have to be exhorted to retain the relationship with the wholesale stores.

9. The primary stores should attract deposit from the members by offering liberal rate of interest to them.

10. Primary stores should aim at supplying variety of goods and commodities in order to serve the larger interests of the members and for this purpose they should be enabled to obtain supply on credit from the wholesale/central stores.

They should also as far as possible be assisted by cash credit by the central financing institutions. This will encourage the societies to increase the membership and the average size of the share holding by making an intensive drive among the public.

11. The consumer's cooperatives should give importance to the maintenance of democracy by having representative general assembly of members to which delegated should be elected by members' meetings, held shop-wise and by electing advisory shop committees. This will enable the members to

develop effective consumer information programmes and to ensure active involvement of the members in the management of the shops and the society as a whole through critical discussions about various practical questions.

12. Primary consumer stores should work in close collaboration with all agencies, trade unions and women's organisations. House wife is an important person in the society for purchasing consumer goods. Hence women should be involved in the promotion and development of consumer stores.

13. The consumer stores should introduce facilities for returning goods to the stores within a reasonable period of time to create confidence. This will enable the stores to be more careful in selling goods of quality to the customers.

Some other problems confronting the primary stores apply to the wholesale stores/central stores and super bazars also. They are detailed in the chapter II on wholesale/central stores.

"My outlook at present is not the outlook of spreading the cooperative movement gradually progressively as has been done. My outlook is to convulse India with the cooperative movement, or rather with cooperation, to make it broadly

speaking, the basic activity of India in every village as well as elsewhere and finally indeed to make the cooperative approach common throughout India. Therefore, the whole future of India really depends upon the success of that approach of ours, to these vast members; hundreds and millions of people"

Pandit Jawaharlal Nehru.

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CHAPTER V

PRIMARY CONSUMERS COOPERATIVE STORES

A CASE STUDY OF YEMMIGANUR PRIMARY COOPERATIVE STORE LTD, YEMMIGANUR

In the previous chapter, the growth and devolopment of the primary consumers' cooperative stores of Andhra Pradesh have been examined. In this chapter an attempt is made to have a bird's eye view of one such primary consumers cooperative store, situated at Yemmiganur in Kurnool district. Yemmiganur Town[1] in A.P has a population of about 80,000. The consumer cooperative society was started before Independence. It was registered on the 14th March 1942 [Registration No Y341] under Madras Act VI of 1932.[2] This was done under the inspiration of Sri Machani Somappa[3]. The operation area is Yemmiganur,Gudikal, Muguthi, Mandavaram, and Nagalodinne. The citizens of Yemmiganur had longed to have a cooperative store and it started its work on 14th April 1942. The area of work of the primary store was

1. Yemmiganur was formed as one of the taluks of Kurnool district, in 1942, though it was only a village. Sri M Somappa transformed the obscure village of Yemmiganur into a model township, full of economic activity through the handloom sector.
See - COOPERATIVE INSTITUTIONS 1983 founded by - Machani Somappa.

2. By-Laws of the Yemmiganur co operative stores Limited No-Y-341

3. Sri Machani Somappa (1904-1978) was the founder of the famous Yemmiganur weavers cooperative society. He was also the president of all India Handloom Fabrics Marketing co operative society.
See- Machani Somappa - Profile 1983- cooperative Institution.

within the town of Yemmiganur[1]. However, during its 47 years of successful working, the society functioned as a primary society, although it played an excellent role in the consumer area. This was primarily because of the store working without any financial support from the Bovernment. Any how, it was successful in creating a shining image of consumers' cooperative movement in A.P. and the store succeeded in building up a large scale business on sound lines and operated a number of depots (13 shops) of its own.[2]

Objectives.

The objectives of the Yemmiganur consumer society are :

(a) The encouragement of thrift and self-help

(b) The purchase of the necessaries of life for retailing to the members and carrying on in common for the benefit of the members of the society, of the trade of general dealers and the Society, and the establishment and the conduct on cooperative principles of such other lines of work or departments of business as may from time to time be resolved upon by the General body of members.

c) The dissemination of knowledge of cooperative principles and their realisation as far as is practicable.

1. Bye laws of the Society

2. A short note on the working of the Yemmiganur Cooperative Stores Ltd., 1985-86 Yemminganur

d) The purchase and distribution of agriculture requirements such as manures, seeds and implements.[1]

Management.

The board of management of the society is laid in the following:

- General body - Board of directors
- Executive committee - supervisory committee
- President - secretary and other officials

In the beginning, the board of directors was formulated to undertake the functions of the society; Subsequently various other sub-committees were organised for the purpose. The members of the managing body are quite efficient and honest and have devoted a lot for the society. It is laid down that the managing body will meet at least once a month. From the beginning the managing body was meeting at regular intervals, and this was due to members' punctuality and honesty. The managing committee of the store has constituted a number of sub- committees, each to look after the work of purchase, audit and accounts, inspection, supervision, etc An internal Auditor is also elected by the board of management who checks 100% of the accounts. The members of the managing committee are elected by the

1. Bye-laws-No2. Objectives of the Tennaiganur co opperative stores Ltd. No T341. Tennaiganur.

General body and in the majority of cases the elections were unanimous[1] for a period of three years. The board of Directors comprising seven members were unanimously elected on 4-1-1986 for a period of 3 years. The year begins with the assumption of charge by the president and ends with the date on which the period of three years would lapse.[2]

Growth and Development

The Yemmiganur Consumers' co operative stores started operation on the 14th April 1942 with the distribution of foodgrains, oil, cloth, kerosene oil, Rice, wheat wheat product, sugar, (rationed and controlled commodities). AP Government allotted preparation of ration cards to the Yemmiganur Cooperative store also so that whole rationing work of the city was monopolised by the society. So the system of work was organised so successfully.

The society has continued to progress and in the year 1942-43 it earned a total profit of Rs 4,084, with a total turnover of Rs 74,751. The paid up share capital of the society was Rs, 3,720. No subsidy and no grant was given or sanctioned by the central or state Govt. Again in the year

1. See-A short note on the working of the Yemmiganur, cooperative. stores Ltd No Y341 on 31-3-1986. Yemmiganur.

2. P-3 Bylaws No:20, management The Yemmiganur co-coperative store, limited, No. Y341. Yemmiganur

1945-46, the society showed a total profit of Rs 10,585. With the total turnover of Rs. 2,69,744. In the year 1950-51 the consumers' society showed a total net profit of Rs 33,567, with a total turnover of Rs. 9,80,196. The financial accounts of the Society were audited by the auditor elected by the board of management[1]. The records of the society reveal that, its accounts were well maintained.

The society since 1952-53 continuously earned profits which is evident from the table V -1. The Society after allocating a required percentage of profits to the general reserves etc, had always distributed dividends to their members; which was to the tune of 8.33%. The following table shows the business operation of the store from the year 1952-53 to 1962-63.

1. A short note on working of the Tennilganur Cooperative Store Ltd 1951 -52 No. 7 341 by Secretary of the Tennuganur Cooperative Society Tennilganur.

TABLE No V - 1

BUSINESS OPERATION FROM THE YEAR 1952 - 53 TO 1962 - 63

Years	Purchases Rs	Sales Rs	Net profit Rs	Establishment and contigencies Rs
1952-53	6,18,315	6,81,918	13,833	14,061
1953-54	5,73,602	6,66,627	16,138	16,727
1954-55	5,20,987	5,99,170	6,117	16,075
1956-56	6,14,247	6,73,100	7,350	18,251
1956-57	9,09,121	9,82,539	24,917	20,351
1957-58	10,80,243	11,42,609	26,704	20,550
1958-59	12,32,012	13,32,314	30,826	24,469
1959-60	14,61,332	15,54,015	25,795	28,146
1960-61	16,00,715	16,73,998	45,636	34,688
1961-62	16,43,837	17,27,306	26,279	45,186
1962-63	18,09,732	20,05,079	30,809	51,424

Source: Compiled from the records of Yemmiganur Primary cooperative store Yemmiganur

The above table shows the progressive trend of the society. The profit of Rs. 13,833 which was earned during 1952-53 increased to Rs. 30,809 in the year 1962-63. The figures of 1954-55 and 1955-56 show a fall in the amount of profits. This was primarily because heavy instalments were made in seasonable goods. However the volume of purchase

and sales has been steadily increasing as it is evident from the above table. The business activity of the store with in this period of ten years was almost 300%. The amount of profits also increased but the margin of return was approximately 2% in the year 1952-53. The profit has been more or less steadily increasing. It is clear that the cost of managing the stores also increased. The primary society is having its own buildings and godown at a cost of Rs.4,34,055 situated in the main market of the town. After 1963-64 the business volume of the store increased. However, during the year 1963-64 and 1969-70, it undertook the business of Panvam Cement resulting in a large amount of profits. This is evident from the following table V - 2.

TABLE NO V - 2

WORKING OPERATION FROM 1963-64 TO 1969-70

Years	Purchases Rs	Sales Rs	Profit Rs
1963-64	21,14,015	21,62,848	18,007
1964-65	2,34,317	25,56,698	21,795
1965-66	29,52,151	32,18,929	30,150
1966-67	34,24,475	36,71,282	38,117
1967-68	32,01,515	33,72,103	27,303
1968-69	37,63,486	39,05,248	24,795
1969-70	36,92,218	40,80,286	30,588

Source: Taken from the Record of the Yemmiganur Primary Cooperative Stores Ltd, Yemmiganur

The above table reveals that the purchases of Rs.21,14,015 in the year 1963-64, increased to Rs. 36,92,218 in the year 1969-70. But the maximum increase during this period was to the extent of Rs. 37,63,486, in the year 1968-69. The sales turnover also increased in the year 1969-70 by about 100% as compared to 1963-64. In 1964-65 this increase may be workded out to 17% as compared to the year 1963-64. The amount of the profit also increased in the year 1966-67. The highest amount of the profit of

Rs 38,117 was earned during 1966-67. This was perhaps due to some encouragement given to the general stores movement in the state. By this time, both the centrally sponsored scheme and the Accelerated scheme were largely introduced in the state. The IVth Five year plan which was drafted in 1966 envisaged consolidation, strengthening and expansion of consumer cooperatives scheme. Thus with the devaluation of Rupee in June 1966, the Government of India felt that to combat the situation the only solution would be to accelerate and expand urgently the consumers' cooperative scheme, so that it could make an appreciable impact on the retail trade and function as a permanent instrument for arresting the rising and inflationary trends. The Government provided financial assistance for the accelerated scheme of approximately by Rs. 1.30 millions which had been highly and largely introduced in the state but no benefits from these schemes were received by the Yemmiganur stores. However, the main function of the store was to supply quality of consumer goods such as food stuffs and other articles of house-hold use at reasonable prices. The number of staff of the store by this time was 61.

After 1970, with the involvement of the distribution of controlled cloth and also some essential commodities etc; the volume of sale again increased, as evident from the following table No V-3.

TABLE NO V - 3

POSITION OF SALES, TURNOVER AND PROFITS
DURING THE YEARS 1970-71 TO 1976-77

YEARS	SALE OF TURNOVER	PROFITS
	Rs	Rs
1970-71	47,33,559	35,007
1971-72	52,95,440	25,378
1972-73	67,56,895	24,541
1973-74	78,46,443	56,054
1974-75	1,03,81,408	51,902
1975-76	92,20,960	43,913
1976-77	90,25,295	44,035

SOURCE:- Compiled from the records of the yemmiganur co-operative store Ltd. YEMMIGANUR.

The above table reveals that the sales turnover of Rs.47,33,559 in the year 1970-71 increased to Rs.52,95,440 in the year 1971-72 which again has gone upto Rs.67,56,895 in the year 1972-73 and to Rs.78,46,443 in the year 1973-74 and again the highest sales of Rs.1,03,81,408 in the year 1974-75. Thus the volume of the sales increased by approximately 100% in the year 1974-75 as compared to

1970-71. In 1975-76 and 1976-77 the sales declined by approximately 12.5% as compared to 1974-75. But the amount of profits did not increase accordingly. In the year, 1970-71, it was Rs.35,077, which declined to Rs 25,378 in the year 1971-72 and then the amount of the profit declined to Rs 24,541, but it was increasd to Rs 56,054 in the year 1973-74 but the amount of the profit was only Rs 44,035 during the year 1976-77. It may be added that upto this critical period of 1976-77, the store had to take outside borrowings to meet its business requirements and had to pay a large amount of interest there on.

SHARE CAPITAL

The Yemmiganur co-operative store in the beginning started its business with a share capital of Rs 2660 (1942). Gradually the amount of share capital increased. An idea of its increase can be had from the following table V-4. Each primary society was expected to raise a minumum share capital of Rs 1000/-with at least 100/- members in the beginning. But unfortunatly the store did not get any Government contribution . The details of share capital and working capital from the years 1942-43 to 1987-88 are shown in the table No. V-4.

TABLE NO V-4

POSITION OF SHARE CAPITAL, WORKING CAPITAL OF THE YEMMIGANUR COOPERATIVE STORE LTD., FROM 1942-43 TO 1985-86

YEARS	SHARE CAPITAL	WORKING CAPITAL
	Rs.	Rs.
1942-43	3,720	3,756
1943-44	9,595	13,716
1944-45	9,870	21,284
1945-46	9,890	29,127
1946-47	10,935	41,182
1947-48	10.835	44,572
1948-49	10,810	62,921
1949-50	9,570	32,743
1950-51	10,040	48,908
1951-52	10,045	59,838
1952-53	10,045	93,839
1953-54	9,890	1,26,676
1954-55	9,885	2,58,642
1955-56	8,380	44,467
1956-57	8,130	66,908
1957-58	8,075	91,988
1958-59	7,995	90,739
1959-60	8,000	91,219
1960-61	7,635	2,09,702

/(cont'd)

YEARS	SHARE CAPITAL	WORKING CAPITAL
	Rs.	Rs.
1961-62	7,635	1,47,103
1962-63	7,525	1,43,419
1963-64	8,365	1,91,086
1964-65	8,365	2,47,755
1965-66	8,340	3,08,396
1966-67	8,230	2,57,702
1967-68	8,260	3,24,565
1968-69	8,330	4,37,653
1969-70	8,440	5,06,423
1970-71	10,565	6,03,050
1971-72	10,555	2,13,794
1972-73	10,550	2,13,749
1973-74	10,550	3,04,773
1974-75	10,510	8,00,765
1975-76	11,045	8,33,696
1976-77	11,045	10,30,949
1977-78	12,825	8,28,057
1978-79	12,815	5,49,468
1979-80	12,820	8,05,866
1980-81	12.750	8,17,280
1981-82	12,795	7,63,740
1982-83	12,795	6,54,762

/(cont'd)

YEARS	SHARE CAPITAL	WORKING CAPITAL
	Rs.	Rs.
1983-84	12,795	7,46,773
1984-85	12,640	8,62,431
1985-86	12,640	9,13,369
1986-87	12,640	10,16,578
1987-88	12,640	11,48,672

SOURCE :- Taken from the records of the Yemmiganur PRIMARY CO-OPERATIVE STORE LTD YEMMIGANUR

The above table reveals that the amount of paid up share Capital as well as working capital has not been more or less continuously increasing. The paid up share capital of Rs. 3,720 in the year 1942 increased to Rs. 10,935 in the year 1946-47, declined to Rs. 9,570 in the year 1949-50 and again it came down to Rs. 8,440 in the year 1969-70. But it increased to Rs. 10,565 in the year 1970-71. Again it increased to Rs. 12,795 in the year 1981-82. But declined to Rs. 12,640 in the year 1984-85 and remained the same in 1985-86. Thus, it increased to 50% in the year 1985-86 as compared to 1955-56. It increased to 239% in the year 1987-88 as compared to 1942-43.

Table No V - 5

DETAILS OF THE SHARE CAPITAL
(From the Year 1980-81 to 85-86)

Particulars	1980-81 Rs	1981-82 Rs	1982-83 Rs	1983-84 RS	1984-85 Rs	1985-86 Rs	1986-87 Rs	1987-88 Rs
Individuals	12750	12795	12795	12795	12640	12640	12640	12640
Primary Store	-	-	-	-	-	-	-	-
Government	-	-	-	-	-	-	-	-
Other Societies	-	-	-	-	-	-	-	-

Source : Compiled from the records of the Yammiganur Cooperative Primary Store Ltd YEMMIGANUR

The table reveals that the amount of the share capital which was only Rs. 12750 in the year 1980-81 increased to Rs. 12795 in the year 1981-82. This amount continued to be the same till 1983-94 and then there was a decline to Rs. 12640 for 1985-86 and 1986-87 and 1987-88. There was no other source than from the individuals.

WORKING CAPITAL

Funds :

The soundness of business or turnover depends upon the amount of working capital available with the cooperative store and also the reserves fund available with it. In

Yemmiganur Consumer's store the working Capital has increased from Rs. 3756 in the year 1942-43 to Rs. 66908 in the year 1956-57 and to Rs. 2,09,702 in the year 1961-62.

Again , year by year, the working capital has been on the increase. In 1968-69, it rose upto Rs. 4,37,653 and in 1970-71, it was Rs. 6,03,050. In 1974-75, it was Rs 8,00,765 and in 1976-77 it again increased to Rs.10,30,949. Though there was not much increase during 1977-78 to 1984-85 from 1985-86 onwards, the working capital increased. In 1987-88, it stood at Rs. 11,48,672.

Reserves and Reserve Funds: The reserve funds of the society also increased gradually, the following table gives a complete idea regarding the reserve funds with the society.

TABLE No V - 6

Position of Reserve Funds for 1943-44 to 1987 -88

Years	Reserve Funds
	Rs
1943 - 44	2,615
1944 - 45	9,081
1945 - 46	14,320
1946 - 47	18,466
1947 - 48	20,031
1948 - 49	21,330
1949 - 50	26,362
1950 - 51	30,675
1951 - 52	36,432
1952 - 53	41,491
1953 - 54	41,641
1954 - 55	50,502
1955 - 56	52,337
1956 - 57	54,542
1957 - 58	62,017
1957 - 59	78,318
1959 - 60	87,566
1960 - 61	95,382
1961 - 62	1,09,220
1962 - 63	1,17,234

/(cont'd)

Years	Reserve Funds (Rs)
1963 - 64	1,26,477
1964 - 65	1,32,028
1965 - 66	1,38,711
1966 - 67	1,49,372
1967 - 68	1,61,372
1968 - 69	1,70,038
1969 - 70	1,76,476
1970 - 71	1,86,664
1971 - 72	1,97,402
1972 - 73	2,05,223
1973 - 74	2,12,736
1974 - 75	2,29,586
1975 - 76	2,45,836
1976 - 77	2,58,646
1977 - 78	2,72,027
1978 - 79	2,72,027
1979 - 80	2,72,027
1980 - 81	2,72,027
1981 - 82	2,72,913
1982 - 83	2,75,173
1983 - 84	3,06,734

/(cont'd)

Years	Reserve Funds
	Rs.
1984 - 85	3,26,763
1985 - 86	3,33,403
1986 - 87	3,98,450
1987 - 88	3,98,450

Source: Compiled from the record o the Yemmiganur Primary Cooperative Store Yemmiganur

It is evident from the table No V-6 that the amount of reserve funds contributed by the store, has been increasing The store has contributed a prescribed amount to reserves and funds. The reserve fund of Rs.2615 in the year 1943 -44 increased to Rs 95,382 in the year 1960-61, but after 1960-61 the reserve funds increased very rapidly. It increased to Rs 2,05,223 in the year 1972-73 and increased to Rs 3,98,450 in the year 1987-88. The increase in reserve funds is indication of the growth of the society.

APPRAISAL :

The sales turnover of Yemmiganur Primary Cooperative store mainly increased in respect of controlled and short supply stores which is evident from the figures from 1942-43 onwards. A special sub-committee was constituted in the

store to plan the sales as well as the purchase policy. In 1960, the sub-committee was abolished and it was looked after by the managing committee. Generally, the sale prices are fixed, lower than prevailing market prices. The store also pays incentives for sales promotion in order to increase and retain members' loyalty. The store is attempting seasonal compliments, special sales offers and attractive prices apart from giving share dividend, purchase rebate etc., to the customers. The store has good parking space, drinking water facilities, pleasant shopping atmosphere and neat and clear sales premises to win the mass support. This store has also employed smart salesmen in the sales counters. Some more facilities like door-delivery, mobile van service, celebration of National festivals, emergency shopping centres etc would help to build up the imagee of the store.

From 1977-78 onwards, the position regarding the sales turnover as well as the profits is shown in the folowing table No. V-7. After 1978, the store has also been distributing in a large size, and controlled commodities like rice, wheat, wheat products, sugar, kerosene oil , palmolin oil, soyabean oil and cloth, to the consumers on the ration cards through its depots.

TABLE NO V - 7

Positions of sales and profits during the year 1977 - 78 to 1987 - 88

Years	Sales Turnover	Profits/Loss	% age of profits/ Less on sales
	Rs	Rs	
1977-78	1,12,46,957	Not available	
1978-79	80,29,297	10,537	0.13
1979-80	46,88,993	5,716	0.12
1980-81	52,11,763	35,655	0,68
1981-82	62,23,012	5,570	0.08
1982-83	68,92,532	46,832	0.67%
1983-84	82,13,096	18,761	. 22
1984-85	91,91,373	15,091	. 18
1985-86	81,61,960	-1,19.515	14.6
1986-87	92,78,640	17,082	.18
1987 -88	1,01,65,420	18,450	.17

Source: Taken from the records of the Yemmigunur Cooperative stores Ltd YEMMIGANUR

The table No.V-7 shows sales turnover of Rs 1,12,46,957 during the year 1977-78, but the amount of the profits is not available. Again, the sales turnover of Rs.80,29,297 during the year 1978-79 declined to Rs 46,88,993 in the year 1979-80. The amount of the profits also declined to

approximately. 50% in the year 1979-80 as compared to 1978-79. In the year 1980-81, 1981-82, and 1982-83 and 1983-84 the sales turnover of the stores rapidly increased but declined to Rs.81,91,573 and Rs. 81,61,960. in the year 1984-85 and 1985-86. but increased to 100% as compared to the year 1979-80 and again increased to Rs 1,01,65,420 in the year 1987-88 with a profit of Rs 18,450.

ISSUES AND SUGGESTIONS

The case study of Yemmimganur Cooperative primary stores has shown very clearly that a good attempt has been made by it, on cooperative principles, to create an impact in that area. Compared to many primary societies, this society, very remarkably made a great progress within a period of about two decades. Still, there are certain areas which require development.

1. First of all, in the area of share capital, much has to be done. Even after about 40 years of its existence, the paid up Share Capital was meagre, with Rs 12,640. This position if improved, will enable the society to reduce its borrowings and consequent payment of interest.

2. The purchases and sales show that there is a good business turnover but the profit earned by the store is disproportionate to the transactions. This may be due to

heavy borrowings and payments of huge interests or due to increased cost of management. It also so happens that purchase is made injudiciously and sales turnover may not commensurate with the purchases during that year. It is also due to loss on account of heavy purchases and commodities becoming surplus necessitating disposal at reduced rates. This requires examination.

3. Borrowings indicate that too much reliance is made on outside finances. It is always a principle of sound finance to rely less on outside sources and more on internal sources. Through much drive and publicity, the society can increase its reliance on the internal resources which will be a source of strength and solidarity for the cooperative society.

4. The latest trend of the society shows that the enthusiasm and loyalty of the members as found in the early stages of the society are not found at present as could be seen from the results of the working of the society During 1985-86, the store sustained a loss of Rs 1,19,515 and this was the first time that the society incurred a loss.

5. From the way in which the society was making its progress right from 1943 onwards, one can conclude that this was running on sound cooperative principles. Though it

started with a meagre capital, it has been able to have at present a sum of Rs 4,98,450 in reserve funds (1987-88). An all out effort by the society involving all the common people of the rural areas with much propaganda, publicity and drive can surely enlist more members in the society.

6. Participation of housewives and other women in the activities of the society will also bring much life to the society. Unless a systematic drive is made to involve the youth and the unemployed mass, the cooperative spirit cannot be inculcated in them. Much training and education also will be required to bring the people to the mood of working together for the common cause. Religious and political neutrality is also another important requisite for the sucessful working of the society. Mutual confidence and the desire to seek the welfare of the others for the good of the community as a whole will help very much for a steady growth of the society. It is hoped that Yemmiganur Primary Cooperative Society will prove to be an exemplary society in the whole State of Andhra Pradesh attracting many members, transacting more business, earning much more profits, covering greater areas, and catering to consumer needs of the maximum people.

" A society of convinced cooperators will buy all they need at their own store and scorn the temptations of the non-cooperative trader, and their manager will be equally strong on getting all the goods his customers require from the Wholesale society. A sure test of the health of a cooperative society is the amount of its trade with the wholesale".

'Cooperation' by Joseph Clayton. p.35.

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CHAPTER-VI

PUBLIC DISTRIBUTION SYSTEM

Introduction:

The public distribution system refers to the set up under which certain specified commodities of everyday use are procured and made available to consumer's through a net work of fair price shops in urban as well as rural areas.[1] Besides the private licensed fair price shops, essential commodities are also availabe through consumer co-operatives. Thus the consumer co-operatives have an important role in the public distribution system. This system envisages a net work of fair price shops through which essential consumer articles like food grain, sugar, Kerosine oil,etc are distributed to the general public. The main objective of public distribution system is to protect the vulnerable sections of the population from high prices by initiating regular supplies of food grains to them through fair price shops at reasonable prices. Another objective of Public distribution system is to prevent rise in prices of food grains in the Open market. Thus it was found essential to open fair price shops in such a way that food grains are made available closely to the doors of the consumers and particularly in the industrial and slum

1. Rural Co-operatives and public distribution system by Sri. R.S Uaere, Director, NCDC New Delhi. The Tamil Nadu Journal of Cooperation 2 May 79

areas which could not be fully covered by the Public distribution system.

From 1960 onwards, many steps were adopted by the Govt of India for the developent of consumer co-operatives and consequently for the introduction of public distribution system. In Nov 1960, the National co-operative Development and Warehousing Board appointed a committee to suggest ways and means for the development of consumer co-operatives. In May 1961 the report was published by the commmittee as a result of which Govt of India introduced centrally sponsored schemes in 1962 which inter alia contained measures for the development of consumer co-operative movement in important urban areas. According to this scheme, wholesale/central stores and primary stores/branches haye to be organised generally in almost all cities and important towns. Accordingly, financial assistance was provided under the scheme for the developement of consumer co-operatives.

In June 1066, an accelerated programme was introduced for further development so that quick results can be achieved. In Andhra Pradesh this scheme received a great impetus in 1972-73 by distribution of controlled cloth, levy sugar and food grains under the new public distribution arrangements so as to meet the requirements of the weaker sections of the society.

The Fourth Five Year Plan envisaged consolidation, strengthening and expansion of consumer's co-operatives. But the devaluation of rupee brought forth serious repercussions on the economy and so the Govt of India decided to combat the situation of accelerating and expanding the consumer co-operative schemes so that it could make an appreciable impact on the retail trade and function as a permanent instrument for arresting the rising inflationary trends. An amount of Rs. 1.30 millions as a part of the programme was allotted to provide financial assistance for the whole country.

During 1976 more than 50,000 co-operative societies were engaged in distribution of consumer articles and their total turnover was of the order of Rs. 500 croes. They distributed food grains, sugar and other essential consumer articles like cloth and kerosine oil. Some of these societies were running fair price shops.

Without the assistance of the Cooperatives, it is not possible to achieve these objectives,eventhough Government agencies such as Food Corporation of India, State civil Supplies Corporation etc exist. Through the Cooperatives at various levels, buffer stocking of certain identified commodities could be undertaken so that they could exert effective influence on the open market prices. The consumer

co-operatives in urban areas and service co-operatives in the rural areas can be developed as an integral part of the public distribution system.

In Andhra Pradesh too, the consumer co-operatives were developed to function as the backbone of public distribution system. It can be effectively achieved at State, district and village levels by strengthening and enlarging the scope of the co-operatives for partcipation in this system. The main thrust of the consumer scheme was to be targetted towards opening of a large number of retail outlets to serve all the sections in general and the weaker sections in particular.

Eventhough there were more than 50,000 village service societies and 2000 primary marketing societies at Taluk level in 1976, there was no systematic approach to the problem of rural distribution. As a result, many societies could not expand their business for want of regular supply of goods, and also for paucity of adequate working capital funds. In view of these problems, the National co-operative Development corporation, a Govt of India undertaking launched a scheme of distribution of consumer articles through co-operatives in rural areas on project lines in 1976.

Elaborating the National Cooperative Policy in December 1977 for the development of co-operatives, the Govt of India also issued 42 points for implementaton so that a strong and comprehensive public distribution system, can be established. Through the Public Distrbuting System essential consumer articles of daily consumption should be made available to the public at reasonable prices particularly to the vulnerable sections of the society. The emphasis was laid on the development of rural consumer programme with a view to encouraging and assisting the development and expansion of rural trade through the existing co-operative structure at different levels. The scheme was much expanded in Andhra Pradesh even to the hilly areas of tribals and other non-approachable areas. It rendered a timely service to the consumer at a reasonable cost and thereby it contributed a bulwark in the present economic system. The idea of involving the co-operatives in public distribution system has basicaly been drawn from the need of the general public which has to be provided with essential commodities at a fair price.

Apart from the fulfilment of the objectives for which public distribution system was established, it had to cover the functions of procurement, transportation, storage and distribution of essential articles like cereals, pulses, cooking oils, sugar, standard cloth, soap, matches,

essential drugs, paper etc. It was also felt that the public distribution system in a developing economy should be a permanent structure . Under the new National Cooperative Policy resolution [1] the services of consumer co-operatives have been extended to the house holds living in slums and residential areas of scheduled castes and others inhabited by the weaker sections in the unorganised sector through establishing smaller outlets with the assortments of essential commodities of mass consumption. The distribution of essential commodities in rural areas is being carried out through service and marketing co-operatives under NCDC programme. As a part of the scheme, consumer co-operatives are to be assigned a significant role.

As in the other States, in Andhra Pradesh also it was observed that co-operatives in rural areas did not have enough funds to use as working capital for financing consumer business. There were no scientific godowns for stocking of consumer goods. The retail centres opened by co-operatives in rural or semi-urban areas did not have proper arrangements for stock and display of goods. It was therefore, thought necessary to provide some money both to the primary and secondary societies to enable them to raise bank finance and some funds for furnishing their retail outlets with proper equipments like racks, almirahs,

1. The consumer co-operative movement - Article X of NCDC

counters, measures and weights, containers and price list boards etc. Further, the retail centres in rural areas located in far off places in big cities and towns do not get goods in time. Moreover, individual purchases cost them more. To get over these difficulties, and to make prices cheaper, the secondary societies have been identified as lead societies to act as wholesales. The financial assistance for the purchase of transport vehicle to these societies is provided to enable them to buy goods at a first point of supply and transport the same to village societies, thereby saving the latter from transport charges and facilitating the availability of goods in time.

Working of the Scheme

The co-operatives after the receipt of funds from the Government have to take steps to buy necessary equipment to furnish their retail outlets and also to apply to the financing bank for working capital funds on the basis of the margin money provided to them. The Government of Andhra Pradesh place funds at the disposal of the society generally in society's account, based on the money received from the National Co-operative Development Co-operation (NCDC). The bank would release the money on instructions of the local officer as per requirements. As regards the purchase of furniture and fixtures the amount is pooled by both the link and lead societies and the purchases are made in

bulk,thereby facilitating the economy as well as uniformity in designs.

The transport vehicles are normally sanctioned only to those societies where business is substantial so as to make the business a viable proposition. Till such time the society is in a position to expand substantial business, say Rs.10 lakhs or so annually, it is advised to go in for hiring a vehicle. But in actual practice, it is found to be very difficult to get a vehicle on hire. When the goods are to be delivered on scheduled dates and time in a planned manner, the uncertainty of availability of hired vehicles becomes a great handicap at the district level. The district co-operative officer monitors the programme by providing its staff to supervise the activities and guiding both the lead and link societies in making purchases. The wholesale consumer stores, or the branches of National Consumers' Co-operative Federation may arrange to supply the required quantity of goods to lead societies. The lead socieites have to collect indents from the respective link societies periodically,consolidate their requirements and place orders with the wholesale consumer store or the branch of the Federation. There are certain items which lead societies might get direct from the private manufacturers through their local dealers.

From the beginning of the First Five Year Plan, the State of Andhra Pradesh secured the financial assistance for the development of consumer co-operation. Tables VI- 1 & II will reveal the extent to which financial assistance was released under Centrally sponsored schemes for the years from 1966-67 to 1980-81. It can be seen there from that from 1966 to 67 onwards there was a gradual reduction in the assistance provided by the Central Govt to the state.

TABLE No. VI - I

STATEMENT INDICATING RELEASE OF FINANCIAL ASSISTANCE UNDER THE CENTRE,SECTOR,CENTRALLY, SPONSORED SCHEMES FOR DEVELOPMENT OF CONSUMERS CO-OPERATIVES

STATES	IST PLAN	1966-67	67-68	68-69	4TH PLAN	74-75	75-76	76-77	77-78	78-79	79-80	80-81
W/ BENGAL	140.10	58.12	35.60	10.07	14.88	3.76	49.47	15.28	34.30	49.55	5.92	10.42
UTTAR PRADESH	139.65	86.77	14.11	2.29	4.35	3.00	63.62	19.78	20.32	61.62	36.34	
TAMIL NADU	119.90	44.46	48.51	27.00	20.99	4.24	52.84	44.24	53.89	58.92	62.25	74.48
MAHARA-ASHTRA	93.10	51.00	75.25	43.99	8.04	19.60	57.17	28.32	19.13	29.65	29.29	20.49
KARNATAKA	75.65	59.90	76.80	19.77	21.75	3.45	50.19	7.13	5.48	3.05	5.91	2.10
PUNJAB	75.70	16.66	25.17	9.05	-	-	21.26	-	2.47	-	-	-
A.P	74.10	35.79	52.46	12.80	12.74	6.46	52.95	15.20	8.96	28.26	24.22	6.38
ASSAM	11.80	5.23	10.30	7.44	5.95	2.70	13.98	3.00	5.15	0.50	3.28	2.50
BIHAR	67.60	27.63	9.79	2.17	6.70	-	17.76	-	2.51	1.82	-	4.41
GUJARAT	35.45	26.58	18.79	6.14	8.73	2.20	15.44	6.00	6.75	0.25	0.78	0.14
HARYANA	-	-	11.36	1.59	4.20	3.49	15.00	10.30	2.24	6.25	-	30.32
KERALA	39.90	20.75	20.82	8.55	4.13	7.10	35.11	10.50	5.08	33.46	107.86	44.85
M.P	59.10	51.56	17.74	4.33	2.00	4.50	33.11	11.21	10.08	8.00	4.35	7.72
ORISSA	22.85	7.07	11.61	5.99	5.30	-	23.91	7.75	9.18	40.14	22.03	11.83
RAJASTHAN	43.25	45.31	15.40	4.49	4.10	2.10	16.75	-	12.87	11.33	11.85	13.74
ARUNACHAL PRADESH	6.25	-	-	-	4.80	-	-	2.10	10.00	0.50	-	
CHANDIGARH	-	2.75	-	1.00	-	-	2.63	2.10	2.40	-	-	-
DELHI	13.25	39.09	20.12	2.63	-	-	8.51	-	1.26	-	-	

Note: Some of the states and UTS,excluded in the table but the financial assistance added in the total NCDC has provided financial assistance to the extent of Rs.400.00 lakhs 282.26 lakhs and 475.00 lakhs in the year 1978-79,79-80 and 80-81 in total.

Table No VI - 2

Statement indicating release of financial asistance From 1983-84 to 1987-88. (Rs In lakhs)

S.No	States/UTS	1983-84	1984-85	1986-87	1987-88
1.	Andhra Pradesh	36.40	42.90	45.20	48.30
2.	Assam	17.10	17.10	17.10	25.90
3.	Bihar	168.15	173.80	141.10	141.10
4.	GUJARAT	31.10	41.60	43.00	49.85
5.	HARYANA	48.00	84.60	53.70	53.70
6.	HIMACHAL PRADESH	60.65	68.75	77.30	80.80
7.	J & K	-	-	-	-
8.	KARNATAKA	122.10	136.35	153.35	153.35
9.	KERALA	70.15	75.50	78.40	79.10
10.	M.P	382.30	437.45	491.90	540.05
11.	MANIPUR	-	3.60	3.60	5.20
12.	NAGALAND	-	-	-	2.00
13.	ORISSA	100.20	120.35	171.30	176.95
14.	PUNJAB	123.55	27.70	129.90	129.90
15.	RAJASTHAN	156.50	178.40	194.25	216.90
16.	TAMIL NADU	276.05	566.70	873.90	873.90
17.	TIRPURA	4.85	14.05	17.00	19.25

(cont'd)

S.No	States/UTS	1983-84	1984-85	1986-87	1987-88
18.	U.P	812.20	864.15	963.55	966.80
19.	WEST BENGAL	91.55	114.45	127.95	135.50
20.	CHANDIGARH	-	-	-	-
21.	PONDICHERRY	-	-	-	-
22.	MEGHALAYA	1.70	1.70	2.25	2.25
23.	GOA	-	-	-	2.40
24.	MAHARASTRA	159.83	200.12	228.62	229.87
25.	MIZORAM	-	-	-	-
	TOTAL	26662.38	3239.77	3813.37	3940.27

SOURCE:- Annual Report 1988-89
N.C.D.C. NEW DELHI

TABLE NO: VI - 3

Shows the year wise release of the assistance from 1974-75 to 1987-88 by Government of India indicating the percentage of the total amount released to all States. It can be seen there from that for the year 1974-75 and 1975-76 the share of the assistance was 9.2% and 9.4% respectively. There after the percentage was on the descending level. There was a considerable reduction in the financial assistance when compared to the total assistance provided to all States.

Table VI -3

PERCENTAGES OF FINANCIAL ASSISTANCE (In Lakhs)
RELEASED FOR ANDHRA-PRADESH AS AGAINST, THE TOTAL
[From 1974-1975 to 1984-85] -(Rs in Lakhs)

YEARS	TOTAL IN COUNTRY	TOTAL IN A.P	PERCENTAGE OF ANDHRA PRADESH
1974-75	70.00	6.46	9.2%
1975-76	558.32	52.95	9.4%
1976-77	195.20	15.20	7.7%
1977-78	217.32	8.96	4.1%
1978-79	358.03	28.26	7.8%
1979-80	318.58	24.22	7.6%
1980-81	273.49	6.38	2.3%
1981-82	1794.38	30.78	1.7%
1983-84	2662.38	36.40	1.3%
1984-85	3239.77	42.90	1.3%
1986-87	3813.37	45.20	1.4%
1987-88	3940.27	48.30	1.2%

SOURCE:- Annual Report
N.C.D.C. NEW DELHI

From the beginning of the first five year plan the State of Andhra Pradesh secured the financial assistance for the development of consumers co-operation .

Since the Third Five Year Plan Period the centrally sponsored scheme for the development of consumers' co-operatives remained in operation but the scheme related to the rural consumer was introduced only from 1978-79 to ensure the availability of essential consumer goods in rural areas. Accordingly, the district level consumer's/marketing societies were selected and lead societies with a number of link primary societies were established. The State Government was expected to participate in the share capital of the primary co-operative institutions so that the money could be utilized as margin money for raising enough working capital from the banks[1]. The approach is to have integrated development of consumer activities both for urban and rural areas. The basic policy approach is that the above social objective was to be achieved only if the Central and the State Goverment assume the responsibility for assuring the availability of essential commodities and articles of consumption to the consumer at reasonable price.[2]

This was endorsed by National Cooperative Development Corporation in March 1978. It was recommended by the NCDC that the public distribution system covering essential

1. Evalutaion Report - Essential Supplies Programme by Programme Evaluation Organisation, Planning Commission, Government of India, New Delhi. Feb 1985.

2. Consumers' Cooperation in Uttar Pradesh by Prof R.P Saxena. Lucknow 1982.

articles of mass consumption needs to be expanded and strengthened without any delay. [1]

From time to time, the working of public distribution system was reviewed in consultation with the State Governments and the concerned ministry in the Government of India. On 7th March 1980, one such review was made in a meeting of State Civil supplies ministers and a team of senior officers of the Central Government visited the various States to examine the functioning of the public distribution system.

FIFTH FIVE YEAR PLAN

From 1972 onwards the consumer co-operatives have been given the responsibility for distribution of controlled cloth. This was in accordance with the statutory scheme introduced in Novemoer 1972. For the first time, this distribution of controlled cloth was entrusted to co-operatives in the interest of the vulnerable sections of the population. 90% of the standard cloth produced by the mills was to be distributed through the co-operatives according to the statutory scheme. The remaining 10% was to be distributed through the retail shops. Thus out of 400 million metres of standard cloth 90% was distributed through National consumer's Co-operative Federation (NCCF) and the chain of Co-operatives and Super bazaars in urban

1. Resolution adopted by the NCDC in March 1978.

areas and the co-operative marketing societies and service co-operative rural areas. [1]

In 1974, the Government of India increased the quantum of controlled cloth from 400 million square metres to 800 million square metres per annum. But it was found that the textile industry was supplying substandard material and hence huge stocks remained unsold, resulting in accumulation of huge stocks with the co-operatives. Both consumers and co-operatives complained about the sad plight of the distribution of cloth and finally the Textile Commissioner prescribed revised specifications of quality for controlled cloth from March 1975. Still unsold stock of inferior quality continued to affect the sales adversely and the result was that co-operatives found it difficult to purchase fresh stocks. They had to resort to the margin money provided by the Government of India and had to oblige to the textile mills by purchasing their stocks.

The table IV -4 below will indicate the obligations fulfilled by co-operatives on over all sales.

1. Cooperative perspective Vol 8 No.2 1973.U.N. National Institute of Cooperative Management Poona

TABLE VI - 4

FULFILMENT OF OBLIGATION BY COOPERATIVE[1]
(Controlled cloth)

Period	Production of Controlled cloth	Quantity required to be distributed by co-operatives (80% of the products	Quantity for which despatch instructions were issued by the co-operatives.
Oct 1972 to Mar 74	3.70	2.96	3.32
Apr 1974 to Mar 75	5.49	4.39	4.78
Apr 1975 to Dec 75	3.27	2.62	2.89
Jan 1976 to Jul 76	2.24	1.79	1.85

(Quantity in lakhs of bales)

From the above table it is clear that the quantity for which despatch instructions were issued by co-operatives reduced simultaneously and the 80% of the total products of the controlled cloth was released for distribution through co-operatives.

From Jan 1977, the distribution of entire quantity of controlled cloth was channelised through the National

1. Agenda Notes. All India Conference on Consumer Co-operative. Sept 21-22, 1976, Ministry of Civil Supplies and Co-operatives, New Delhi.

Consumer's Co-operative Federation (N.C.C.F) and its affiliated distribution agencies. It was decided by the Government of India to adopt an integrated policy frame work for the textile industry and announcement to this effect was made in the Parliament on 7th August,1978. Accordingly, the new controlled scheme came into existence on 1st October,1978 under which more cotton mills were brought under statutory obligation to produce controlled cloth. 400 million square metres per annum were to be made available out of which 50% was reserved for National Textile Corporation Mills and the balance for the private sector mills through tenders. The National Consumers Co-operative Federation was required to take the responsibility of distribution of the entire cloth. As NCCF is the national agency for procurement and distribution of controlled cloth, it is supplying cheap and standard cloth to the weaker sections of the society. It is estimated that the Textile Commissioner released during 1979-80 3,84,568 bales of controlled cloth and as against this, the NCCF issued despatch instructions for 2,57,680 bales. In Andhra Pradesh during 1985-86, the Andhra Pradesh Consumer's Co-operative Federation marketted controlled cloth to the tune of Rs.155.32 crores through different distribution centres,in rural and urban areas.

In the initial stages, many co-operatives, due to lack of experience and for want of adequate funds, did not handle the work of distribution satisfactorily. Thanks to the intervention of the Central Government, timely financial assistance was rendered to them by way of margin money to enable the societies to obtain adequate working capital loans from the co-operative banks and commercial banks. This was an admirable step adopted by the Government for making available essential commodities to the rural people.

In the year 1981-82 there were 305 Primary marketing societies and 6873 primary agricultural credit societies in Andhra Pradesh. There were also 45241 village service societies and 679 tribal societies which were engaged in the distribution of consumer articles in rural areas with approximately a turn over of Rs.650 crores during the year 1979-80. In addition to this, there were about 1,87,800 fair price shops in rural area out of which 67000 outlets were run by the co-operatives.[1]

Identification of controlled and non-controlled items under Public-distribution system was an important step. Except for the selected manufactured items various agencies were entrusted with the responsibility of procurement,

1. Indian Consumer Co-operative Vol. 8. NCCF of India. April 1981 p. 14

buffer stocking and distribution of some of the commodities. Government of India had already entered into agreements with the big manufacturers of essential items such as baby food,match boxes,cycle tyres and tubes,drugs and medicines, paper and stationery,razor, blades,edible oils,dry battery cells,soda ash,tea,coffee,scooters etc. These were supplied through Andhra Pradesh State Consumer's Co-operative Federation.

For both rural areas and urban areas, the Government of Andhra Pradesh have notified/identified different commodities under public distribution system according to the local demand of the people. In order to strengthen the fair price shops, the co-operatives have been asked to deal with not only controlled commodities but also non-controlled commodiites. The Food Civil Supplies Department controls the supply of items like sugar,kerosine,wheat and wheat products, rice and other essential commodities.

Items covered by public distribution system for rural areas are:- Cloth-Mill made controlled cloth-controlled cloth made by handloom co-operatives and Mill made uncontrolled cloth.

Edible oil, vegetable ghee, spices, salt, chillies, tea, match boxes, soaps, Bidi, Cigarettes, Battery (torch) cells,Cycle tyre,tubes, Stationery articles like Scales,

Pencils, ink, rubber, slates,etc pulses, rice, button, thread, candlesticks, etc.

For urban areas the articles are:-

Coarse cloth, edible oil, spices, watches, baby food, electrical appliances, washing and toilet soaps, detergents,tooth the paste, brush, blades, bread, biscuits, butter,eggs,pulses,tea,coffee, plastic goods,matches,cycle tyres and tubes etc.

In respect of certain items,Government have fixed the prices in consultation with the manufacturers who are under obligation to make available those items to the co-operative fair price shops through their apex/wholesale organisation,ie,Andhra Pradesh State Consumer Co-operative Federation and District Wholesale consumer stores.

In order to implement public distribution system in the State 2959 co-operative societies have been selected to whom 26857 fair price shops have been allotted for the purpose as on June 30th,1985.

The National Co-operative Development Co-operation, which is a statutory organisation, changed with the responsibility of Planning and promoting programmes, production, distribution etc is also doing a magnificient work by making available essential consumer goods of daily

necessities to the rural population. In Jan.1976, it introduced a scheme for promotion of consumer business through village co-operative on project lines.

Under this scheme [1], assistance is provided by way of margin money to the societies for raising bank credit for their business and for purchase of a transport vehicle which can be a four wheel vehicle or a tractor with a trolley, depending upon the quantum of trading activity. Assistance for this purpose ranges between Rs.24,000 to Rs.60,000. In order to enable the primary marketing societies to set up a retail outlet at the mandi level for the benefit of visiitng rural population N.C.D.C also provides, cent percent loan-cum-subsidy assistance-75% loan and 25% subsidy-for furniture,fixture and fittings. The average assistance amounts to Rs.12,000 per society. The primary service societies are also eligible for such assistance at an average rate of Rs.5,000 i.e,75% loan and 25% subsidy. In view of the important role of the co-operatives in the public distribution system, the NCDC has decided to strengthen the present scheme of distribution of consumer articles in rural areas. In order to enable the village service societies to undertake retail trade, the NCDC provides margin money to the selected village societies

1. Article by Sri. R. S. Uare, The Tamil Nadu Journal of Co-operation, May 1979.

upto Rs.5,000/ Rs.10,000 per society to help them raise necessary working capital. This assistance was made available from 1978-79 onwards.

In Andhra Pradesh, about 79 projects have been sanctioned upto 31st March,1985-[1] The total amount sanctioned upto March'85 in Andhra Pradesh on this score comes to Rs. 148.405 lakhs, the total amount sanctioned for the whole country being Rs.7175.807 lakhs.

The position regarding the central sector scheme for distribution of consumer articles in rural areas for the years 79-80 and 80-81 is indicated below:

1. Annual Report,1984-85, National Co-operative Development Co-operation.

TABLE VI - 5

Distribution of amounts under Central Sector Schemes in Rural Areas 1979-80 and 1980-81

Rs in Lakhs

Name of the State	1979-80 No of village societies	Amount santioned	Amount Released	1980-81 No of village socities	Amount Sanctioned	Amount Released
Andhra Pradesh	206	11.95	9.60	383	21.50	21.50
Total	16,430	86,565	68,790	24,031	135,330	118,650

1. NCDC New Delhi

It can be seen from the above, that upto the end of 3/81, a sum of Rs. 21.50 lakhs was released to Andhra Pradesh covering 383 village societies. The amount released to AP upto 3/81 represented 1.8% of the total amount released. During the same period States like U.P, Tamil Nadu and Madhya Pradesh received RS.317.50 lakhs, Rs.218.85 lakhs and Rs. 187,83 lakhs respectively, the percentage being 26%, 18%,and 13%.Taking into account the size and population of Andhra Pradesh , the assistance released was considerably on the low side.

The following table shows the assistance released under NCDC sponsored scheme for distribution of consumer articles, in rural areas up to March 1982.

Table VI - 6

Name of the state	No of projects sanctioned	No of village societies covered	Assistance sanctioned	Amount released
				(Rs in lakhs)
Andhra Pradesh	68	1502	86255	78.195
Total	2086	35752	2606057	2094.933

Out of 35752 village societies covered, 1502 societies were from Andhra Pradesh.So far, an amount of Rs 78.195 lakhs was released out of the sanctioned amount of Rs 86,255[1] lakhs.

After the introduction of the scheme on 1976, the NCDC had released funds under its own scheme and also under Central Sector Schemes . The amount released under the Central Sector Scheme upto March 1982 is indicated below.

1. Source. Statistical Statements published by RBI.

Table VI - 7

Showing the amount released under Central Sector Schemes.

(Rs. in lakhs) up to 3/82

Name of the State	No of village societies covered	Amount Sanctioned	Amount Released
Andhra Pradesh	571	30.78	26.30
Total	28614	1794.38	1586.55

Both the above Statements disclose the fact that all the States were much benefited from this scheme of assistance of NCDC and substantial assistance was given for various items including margin money, transport vehicles, and furniture and fixtures at sales prescribed already.

As on 31-3-85 , 1623 village societies were sanctioned for Rs.148.405 lakhs as against Rs 7175.607 lakhs which works out to 2% of the total release.

A review of the progress of the working of the public distribution system has revealed that the involvement of the consumer cooperatives has produced a tremendous effect on the retail trade. There has been a perceptible increase in the retail trade handled by both urban and rural consumers' cooperative societies in Andhra Pradesh. The comparative progress indicating the position in Andhra Pradesh and in the country as a whole is shown in Tables VI - 6 & 7..

It can be seen from these tables that there was a gradual progress of consumer cooperatives due to its involvement in Public distribution system. During the year 1979-80 there was a substantial increase in the retail trade handled by the urban consumer cooperatives by about Rs. 100 crores compared to the previous year , 1978-79 which works out to 14% increase. Not only was this increase found in the value of sales but was also in the quantity of goods sold. Though there was an overall increase in sales, the consumer cooperatives had played in important role in the retail trade. The average annual sales of wholesales stores at all India level has risen from Rs. 34.67 lakhs in 1971-80. So also, there was an increase in sales at the primary level in the state of Andhra Pradesh.

Great is, the role played by the consumer cooperatives in the public distribution system. Through the cooperatives, the public distribution system has been able to penetrate into the rural as well as the urban areas and simultaneously provided service to the vulnerable sections of the society. The cooperatives have become, particularly, in rural areas an agency for implementing public distribution system. In Andhra Pradesh for the proper functioning of public distribution system, the Govt also have provided support and assitance through the Food and Civil Supplies Deptt. , the employees' welfare cooperatives along with the consumer cooperatives. A coordination between these cooperatives is an urgent need for the successful functioning of the public distribution system. In view of the fact that the prices of the commodities are showing soaring trends as and when the occasion demands, the services of the cooperatives are to be utilised to the maximum extent. What the public want is a price structure which is stabilised so that fair and equitable distribution of various commodities can be ensured. There is a bright and promising future for both cooperatives as well as public distribution system as they are interlinked.

As per the existing system, the job of procuring commodities is being performed by the National consumers cooperative Federation of India at the National level. The

basic structure in Andhra Pradesh comprises fair price shops through which the essential consumer articles like foodgrains, sugar, kerosine, oil etc are being distributed. At present 20% of the total fair price shops are run by the cooperatives in this state. As per a report of the cooperative department of A.P, for January,90, there are 184 fair price shops under Central stores and 530 shops under primary consumer stores.[1]

The following table shows the latest position of the sales of Janatha sarees and dhoties and also sale of text books and note books by the Andhra Pradesh state consumer cooperative Federation, Central stores and primary stores as on January 90 for the year 89-90.[2]

1. Data by Registrar, Cooperative Societies, A. P Hyderabad, for 1/90

2. Data for January 90 prepared in the Office of the Registrar of Cooperative Societies, A.P. Hyderabad

Table VI - 8

Distribution of Goods for the Period 89-90, i.e. upto Jan'90

	AP State Consumer Coop. Federation	Central Stores Rs. in lakhs	Primary Stores Rs. in lakhs
1. Sale of Janata Sarees and Dhoties	96.56	30.67	177.69
2. Sale of Text books and note books	49.98	57.03	190.79
3. Distribution of Consumer goods			
a) Rural areas	175.84	248.66	1332.05
b) Urban areas	859.88	2022.14	2802.86

The table above indicates how far the cooperatives have penetrated into urban and rural areas for the distribution of consumer articles.

According to the latest set up of the cooperatives, National Consumers' cooperative Federation and the AP State consumers' Cooperative Federation are the apex institutions for all agricultural consumers and processing cooperative societies of Andhra Pradesh and they work as central purchasing and common marketing centre for the Andhra Pradesh cooperative sector. These Federations render technical and managerial guidances to its constituent societies in order to improve and increase their operational managerial

efficiency[1].

There are at present 31 wholesale/Central stores at the district level operating 4 branches along with super bazars, which are engaged in serving the urban consumers of the state. under the present system of public distribution which was implemented from 1 July 1979 onwards. There are 1109 primary consumer stores as on 31-01-90. Under AP State Consumer Cooperative Federation, there are 58 members and under wholesale/ Central stores, the membership is 1,88,272. so also under primary consumer stores, there are 5,92,083 members spread over the whole state of Andhra Pradesh. For the year 1989-90, the business turn over upto 1/90 was Rs. 1035.72 lakhs, Rs 2379.30 lakhs and Rs. 5012.10 lakhs in respect of APSCCF, wholesales/Central stores and primary consumer stores respectively.[2]. The APSCCF is playing a predominant role in the state as it is functioning as the feeder agency at the state level for arranging supplies of commodites to cooperatives. The four departmental stores/ depots have certain retail outlets of their own, although the main function of these stores is to make arrangements for supply of goods to the wholesale consumer cooperative stores and lead societies of the state[3]

1. Data for January 90, prepared in the office of the Registrar of Coop societies A.P Hyderabad
2. Annual Report 75-80 NCDC, New Delhi.
3. Pamphlet published by APSCCF Hyderabad 1981.

Controlled and Non-Controlled Goods

The whole system of distribution of essential commodities to the consumers can be examined under controlled goods and non-controlled goods. The system of distribution of controlled commodities is different from that of non-controlled commodities.

All non-controlled commodities are processed by APPCCF, while controlled goods are supplied by Food and Civil Supplies Department through the godowns at block/ Tahsil levels. The lead societies/ Central Consumer Store send the demands / indents to the apex institutions on the basis of which orders are placed with the firms/companies as authorised by the Govt to supply goods direct to the societies. The apex institutions also purchase goods directly instead of taking indents and supply them directly to the institutions through their branches.

Storage and Transportation Facilities

Storage facilities play an important part in the successful functioning of the public distribution system. Lack of storage facilities at village level and block or district level in Andhra Pradesh has presented many problems. In order to overcome the difficulties, a phased programme has been launched by the Govt of Andhra Pradesh.

Construction of godowns is the most important step in that direction. It is expected that cooperatives will have efficient working after the godowns are constructed.

Transportation of goods is another impediment faced by the cooperatives. Normally, goods are being sent from one place to another place either by train or by transport vehicles. Unless the cooperatives at apex level have their own vehicles, it is a very difficult task for them to transport goods from apex institutions to the village cooperatives. As NCDC is procuring funds for the purchase of vehicles, it should be seen that this facility is utilised to the atmost extent. All the cooperative institutions engaged in the distribution of commodities under public distribution system get financial support from the NCDC and NCCF and the State Govt. Following are some of the types of financial support made available to them.

a) Working capital loan
b) Share capital loan
c) Loan for transportation
d) Purchase and sale guarantee scheme.
e) Assistance for management expenses.
f) Assistance for furniture and fixtures in the form of loans and subsidies.

CONCLUSIONS AND SUGGESTIONS

Having discussed the various aspects of p.d.s, it is worth while to make a few remarks as to how the role of cooperatives in the public distribution system can be made strong, important and essential. The public distribution scheme was launched with a social objective to reduce the overall cost and to reach maximum benefit and satisfaction to the public at large. This basic objective of ensuring supply of essential goods to the poor section of the community does not seem to have been largely fulfilled in spite of incurring huge expenditure for the purpose. The reasons for such a state of affairs may be due to the following factors.

1. First of all, the supply of the commodities has not been regular. If goods are not received in time, they cannot be distributed to the customers when they are in urgent need. For example, if kerosine oil is not adequately supplied to the villagers, there would be a great commotion among the villagers as that shortage would considerably affect their daily programme for cooking, lighting etc. People will lose confidence in such a system where they are unable to procure even ordinary essential commodities.

2. Secondly, there is an acute shortage of materials.

Apart from the fact that the supply of the goods is irregular, the very supply is often found to be inadequate. In a village where there is a population of 2000, the quantity of goods, say for example, rice, required has to be correctly assessed. If the commodities are not supplied according to the need of the population, there will be much dissatisfaction. Persons responsible for the supply of the materials cannot face the public.

3. Thirdly, there is often a complaint that substandard materials are supplied. If the quality of the goods sold is not up to the mark, there will be again discontent.

4. Fourthly, lack of adequate supervision and inspection upon retail outlets and stores is another weakness of the system. Inefficient supervision and inspection will lead to the relaxation of conditions for running a system efficiently. This will affect the entire system adversely.

5. Fifthly, inadequate storage and transportation also have affected the system considerably.

In order that cooperatives become strong and viable to fulfil their objectives in public distribution system, covering articles and commodities of mass consumption in both urban and rural areas, measures for improvement,

internal and external have to be identified and implemented urgently.

In a developing economy, the public distribution system should be made a permanant structure and not as a temporary measure to meet emergent situations like war, drought, floods, etc. Following suggestions deserve consideration.

1. At present there is a four tier structure, namely, national, state, district and village levels. It has to be seriously considered whether a structural integration between wholesaling and retailing sectors of consumer cooperative is required to be brought about by rationalising the four tier system into a two tier system. Ultimately, there has to be at the retail level, one consumer cooperative institution in each city operating through viable, well equipped and well-managed multi-retail outlets of various sizes and at the whole sale level the National Cooperative Consumers' Federation and state level cooperative consumer federation which should take responsibility for making supplies to the retailing points. Purchases should be pooled with strong link between wholesales stores and the primaries on the one hand and the state and National Federation on the other. In this way, goods can be retained at the most favourable terms and much economy can be ensured.

2. There should be a close link between the marketing and processing cooperatives on the one hand, and the consumers and cooperatives on the other, so that timely and adequate supplies and efficient services could be offered to the consumers. The distribution of essential commodities of mass consumption should be a basic function of the service cooperatives.

Further, cooperatives dealing with procurement, storage and distribution of essential commodities should be provided adequate credit on favourable terms by cooperatives and commercial banks both in respect of margin of security as well as rate of interest.

3. The quota of manufactured goods for supply to cooperatives should be strictly enforced, particularly in terms of storages of these commodities. No relaxation on any goods should be given.

4. Large buffer stocks of essential commodities should be built up through effective procurement to meet the requirements of consumers. The buffer stocks of food grains can be used purposefully to exert a sobering influence on open market prices of food grains.

5. Again, Consumer Cooperatives have to enter the field of

production directly or in collaboration with other cooperatives. They should be able to ensure supplies of fine and standard quality products. Operational costs can be reduced if manufacturing, wholesaling and retailing are organised by the cooperative system. It will be of great advantage if National and state federations set up industries so as to lower the ultimate retail price for consumers.

6. There is a tendency on the part of the Food/Civil supplies Corporation to encroach on the legitimate functions of these cooperatives. This will eventually undermine the progress of their activities. If a clear demarcation of the functions of these two agencies is evolved, the duplication of the functions can be avoided.

7. Further, private traders should be allowed only in areas where cooperatives are not available. This fact has to be decided by the Registrar of Cooperative Societies. In this way, the cooperatives in the urban and the rural areas may be given the first preference in the matter of allotment of fair price shops for distribution of food grains, sugar, and other scarce commodities.

The products of public sector undertakings should be

distributed through cooperative agencies instead of supplying their articles through private trade channels. For eg., public sector undertakings including National Textile Corporation Mills and Milk schemes should appoint cooperatives as their stockists and distribution. The apex cooperative marketing societies and state cooperative consumers' federations and wholesale consumer stores can be recognised as whole sales/sub-wholesales for distribution of food grains, sugar and other commodities.

8. It is also a good policy to see that wherever cooperatives are available, the state corporations do not open their depots/branches, merely for undertaking wholesale or retail distribution.

9. In the matter of allocation of commodities between weaker and rural areas and their prices, if any imbalance exists, it should be removed, as otherwise, there will be disparities in the allocation of commodities and it will affect the system adversely.

10. It would be also a prudent policy tomake optimum use of the existing infrastructure facilities in private and public sectors. This will lead to minimising the expenses towards infrastructure facilities.

11. It should also be the endeavour of cooperatives to

increase the number of retail outlets to cover far flung areas in such a way that there is atleast one outlet for a population of 2000.

12. Another factor to be remembered in this connection is the participation of women in the consumer cooperatives. As they constitute half the population of the country the importance of their participation cannot be ignored. Further, women control the household business and so they decide the buying policy of the household, and they decide what to buy and wherefrom to buy. So the success of the consumers cooperatives partly depends on the participation of the women also and their involvement will be of vital help to the cooperatives.

13. There is also a great need for the enrolment of the large number of customers as members of the consumer cooperatiives. It is said that in United Kingdom practically every house holder is a member of a consumer cooperative. So also in Sweden, more than 60% of the household are enrolled as members. By offering quality goods at reasonable prices to the consuming public at large, this could be achieved. If the performance of consumer cooperatives is appreciated, there will be an enhancement of the image of cooperatives. A satisfied customer is a good public relation of the store. So, there is a great need for

the enrolment of a large number of customers as members of the cooperatives.

14. Finally, if the public distribution system is to be successful, the last link of the structure, i.e, fair price shops and the beneficiaries should be satisfied. An evaluation study undertaken by the programme Evaluation Organisation, at the behest of the Planning Commission in respect of the working of the Essential Supplies Programme, i.e, Point Number Seventeen of the New 20 point Programme announced in 1982, has brought out some interesting facts in its report in 1985 [1]. Several owners of Fair Price Shops of most of the states were approached to give their impression of the working of the public distribution system. They expressed the following difficulties faced by them in running their shops:-

i) low rate of commissions\ allowed to them on the sale of different commodities.

ii) supplies of commodities not being always timely and regular

iii) high transportation charges

iv) inadequate working capital.

v) poor quality of food grains supplied.

vi) sanctioned quota not supplied in full.

1.Evaluation report on essential supplies programme Planning Commission New Delhi - 1985

vii) under weighment at warehouse supply point.

Some other shop keepers faced the following problems in addition to what is stated above.

i) uneven distribution of ration card holders.

ii) cumbersome procedures and paper work involved in taking delivery of allotted quotas every month.

iii) lack of proper and adequate storage facilities

iv) high overhead costs.

v) poor off take commodities.

vi) heavy losses of commodities in transportation from ware house/ godowns to fair price shops.

The same study group received the following remarks from the beneficiary households.

a) Irregular availability of commodities.

b) Inadequate supply

c) Poor quality of the commodities supplied.

d) Under weighment

e) Irregular working hours of fair price shops

f) Distant location of fair price shops from their homes

g) Limited number of commodities supplied.

The impressions revealed by the fair price shops and the beneficiary households indicate the problems faced by them. Whether the shop keepers or the beneficiary

households, if they are not satisfied with the working of the public distribution system, there will be widespread discontentment among the public. Govt of Andhra Pradesh has to tackle all these problems as far as they relate to the functioning of the system.

Thus, the consumer cooperatives have a significant role in public distribution system. It is hoped that in Andhra Pradesh, too, the suggestions made for their improvement and the problems and difficulties faced by the beneficiary households and the stores will be seriously considered so as to introduce remedial measures for the healthy woking of the scheme. Important reaons for the absence of/ low profitability in stores such as, low rate of commission, loss due to pilferage, under weighing at the supply point, rodents, poor qualitiy of commodities, high cost of overheads,etc have to be analysed at the departmental level and suitable action should be taken.

" From the beginning, consumer cooperatives have been playing a very important role in the distribution of esential commodities of mass consumption"

Mr. M.G Ali Sagar, Minister, Govt of Tamil Nadu - Reported in the Tamil Nadu Journal of Cooperation - May 79.

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PART II

CHAPTER VII

ADMINISTRATION AND MANAGEMENT

When we discuss the role, importance, and the problems of consumers cooperatives in Andhra Pradesh, it will not be out of place to mention a few things relating to the organisational set up and the administrative structure of the cooperative department. Broadly speaking, the cooperative movement is being organised at two levels, namely, official and non-official.

Official:

Cooperation is a state subject and so a separate structure exists at state level as well as at the central level. The study of the administrative set up at the central level or national level can be made under the following :

National

a) Ministry of Agriculture and Cooperation

b) Registrar

c) Minister, Deputy Minister,

d) Secretary, Joint Secretary, Deputy Secretary

e) other Technical officers.

Since 1980, the Department of Civil Supplies has been redesigned as the Ministry of Civil Supplies by the Presidential order.[1]

This Ministry is responsible for the maintenance of the prices and for the availability of essential commodities[2]. It is also in charge of the public distribution system, Consumers' protection, consumers' co-operatives, integrated management of supply, regulation of prices, distribution of vanaspati, oilseeds, vegetable oils, control of weights and measures etc. This Ministry is entrusted with the responsibility of having over all control of co-operative movement throughout the country and also is in charge of making policy decisions and of issuing directions to the various states.

The Secretary in the Ministry is assisted by the Joint Secretaries, Deputy Secretaries, Assistant Secretary and Ministerial staff. Apart from this there is a Directorate assisted by Technical experts on the subject and inspecting Staff[3]. At present the policies of the national development are planned and chalked out at the national level in the Ministry of Civil supplies wherein the Government of India has a Department of Cooperation. The first legislative

1. President of India, Order No CO 574/80 dt 22-7-80
2. Prevention of Black marketing and maintenance of Essentitial Commodities Act 1981.
3. Report 1980-81 Government of India Ministry of Civil Supplies, New Delhi 1981.

Act at National level was passed in 1904, called the Cooperative credit societies Act, 1904, It aimed at encouraging thrift and self help among agriculturists, artisans and persons of limited means through cooperative societies which were to be small, simple credit societies. It was replaced by the Cooperative societies act of 1912. It permitted the registration of cooperative societies for other purposes besides credit, eg. distribution, marketing, production, insurance etc. It also allowed the registration of federation of cooperative societies for such purposes as mutual supervision and financing.

State Level.

After the formation of Andhra Pradesh in 1956, the first legislative measure was the Andhra Pradesh Cooperative Societies. Act 1964, which laid down the object of cooperative societies as the promotion of thrift, self help and mutual aid among agriculturists and other persons with common economic needs so as to bring about better living, better business and better methods of production.

Under State Govt., the departmental structure is as follows:

Minister

Secretary, Food & Agriculture

Department (Cooperation)

Registrar:(Departmental head)

Chief Auditor,Additional,Joint Registrar etc.

At the district level, there is a District Cooperative officer as the head of the district. Under him, there will be a District Co-operative Audit Officer assisted by Auditors and also Divisional Cooperative officers (Revenue Division) and Mandal Cooperative officers.

The following chart will furnish a clear idea of the organisational set up of the ccoperative movement under Govt. of India and Govt of Andhra Pradesh.

NATIONAL LEVEL

Government of India: Ministry of Agriculture and Cooperation

Department of Cooperation

Minister, Deputy Minister.

Secretary, Joint Secretary

Additional Secretary

Deputy Secretary.

Other Technical Officers.

STATE LEVEL

Govt. of Andhra Pradesh, Minister

Secretary, Food and Agriculture Dep (Cooperation)

Registrar (Departmental Head)

Chief Auditor

Additional / Joint Registrar
Functional Dy.Registrar & Supported by sta

DISTRICT LEVEL

District cooperative OFFICER (district head)

District cooperative Officer assisted by Auditors of cooperative department in the cadre of cooperative sub Registars senior cooperative Inspectors Junior cooperative Inspector

Audit Officer (Auditors) (Auditors) (Auditors)

Divisional cooperative officers (Revenue division)

Mandal Cooperative Officer

According to the status of the institution, Dv. Registrars of cooperative societies are also being appointed as Auditors on Fundamental Rules 127/Accounts.

Administration at State level

The cooperative department which is responsible for guiding, controlling/managing the cooperative institutions is headed by the Registrar of the cooperative societies. He is the chief management executive and controlling officer of all activities covered under the cooperative. [1]

1. Andhra Pradesh Sahakara dhyamanus by Sri Abdul Kareem Khan IAS. A.AP State cooperative union publication,April 1981.

According to the recommendations of various experts and committees on cooperative management, the Registrar should be a person with thorough knowledge of and belief in principles, of cooperation and should be able to work with creative missionary zeal for organising, supervisory and coordinating the various activities.[1]

The office of the Registrar of cooperative societies is located at Hyderabad, opposite to Ganhi Bhavan buildings. The post is generally held by an oficer of the Indian Administrative Service (IAS) cadre. He is appointed by State Government under the AP. Cooperative Act 1964. Other subodinate officers are conferred with powers of the Registrar under section 3 of the Act to exercise the powers of the Registrar. All cooperative Societies in the State, other than Industrial cooperative Societies, sugar factories and milk cooperative societies are under his direct control.

Under section 3 (2) of the AP. Cooperative Societies Act, 1964, every other person appointed under section 3(1) shall exercise, under the general superintendence of the Registrar, such powers of the Registrar, under this Act as the Govt, may from time to time confer on him. Accordingly, the Govt. of Andhra

1. Cooperatives in United Provinces by J. P. Misra, Registrar, cooperative societies, 1946. p.67.

Pradesh have issued several orders delegating the powers of the Registrar to the subordinates in respect of consumer's cooperatives. Some of the salient Govt. orders delegating powers to other officers are:-

1. Go. MS. No 890 Food and Agriculture. Department dated 29.3.65 empowering the additional Registrar posted to work in the cooperative department all the powers of the Registrar.

2. GOMS. No. 1089 food and Agriculture. Department dated 10.6.64 conferring on the Additional Registrar and Joint Registrars, the powers of the Registrar regarding the disputes in connection with election to the committee in respect of all Societies.

3. GOMS 101 Pl. and Cooperative Department dated 16.2.71 delegating the powers of the Registrar in respect of Central Stores, Super Bazars, consumers' cooperative stores to the Deputy Registrar of cooperative societies in charge of Hyderabad and Secunderabad cities in regard to the provisional and final registration of the societies etc.

4. GOMS. NO. 650 Planning and Cooperative conferring in respect of Cooperative Department dated 29-11-1971 super Bazars and cooperative central stores powers of the Registrar on special category Deputy Registrar working as

District cooperative officer regarding general body meeting, committee meeting, inspection of books of the society, rectification of defect in audit, powers to summon and examining documents, persons etc.

5.GOMS No 357 food and Agr. dt.3-7-1985 delegating the powers of Registrar to the Deputy Registrar of cooperative societies in charge of consumer store in Hyderabad and Secunderabad in regard to registration of societies.

Reginal level: At the reginal level Govt. have issued orders in GOMS Food and Agr. (cooperation) Department dated 16.9.78 reorganising the administrative set up of the department with proper decentralisation of authority and delegation of powers among the officers of the State, regional and district level with view to ensuring effective functioning. Under this reorganisation, Government have issued orders upgrading three posts of Joint Registrars in the office of the Registrar as Additional Registrars each to be in independent charge of subject allotted to them .

Six Zonal Officers have been ordered to be headed by a Joint Registrar of cooperative societies designated as Regional Joint Registrars as shown below.

Zone No.	Districts	Headquarters
I	SriKakulam, Vijayanagaram and Vizag	Visakhapatnam
II	East Godavari, WestGodavri and Krishna	Ellur
III	Guntur, Prakasham and Nellore	Ongole
IV	Chittoor, Cuddapah, Anantapur and Kurnool	Cuddapah
V	Adilabad,Karimnagar, Warangal and Khammam	Karimnagar
VI	Niazamabad, Hyderabad, Mehboobnagar, Medak,Rangareddy and Nalgonda	Hyderabad

The Joint Registrar is assisted by one Deputy Registrar, two Cooperative Sub-Registrar, four senior Inspectors, two Junior Inspectors and staff.

DISTRICT LEVEL; In each district,cooperative cells were created with a post of spl. cadre Deputy Registrar to work as District Cooperative officer in all the Districts. Industrial, administrative and statutory powers have been delegated to Collectors (cooperation) and District Cooperative officers. The special codre Deputy Registrars are assisting the District Collectors in implementing the schemes, relating to the cooperative department.

The District Cooperative officer is assisted by two Cooperative sub-Registrars, three senior Inspectors and two Junior Inspectors and other staff.

DIVISIONAL LEVEL: On par with revenue departmental set up, there is a Divisional Cooperative officer of Deputy Registrars' cadre in each Division having the jurisdiction of two or three taluks He is assisted by one or two cooperative sub-Registrars, one or two senior Inspectors and one or two Junior Inspectors and other staff. There are two separate Divisional Cooperative Officers of Deputy Registrar's cadre for Hyderabad and Secunderabad cities.

TALUK LEVEL: In each Taluk one Cooperative sub-Registrar is posted as Taluk Cooperative officer. He is responsible for proper functioning and growth of cooperative societies in each Taulk.

PANCHAYAT SAMITHI LEVEL: Senior Inspectors of Cooperative societies have been posted to each Panchayat Samithi, one senior cooperative Inspector as extension officer (cooperation). Now these posts have been upgraded to the cadre of Cooperative Sub-Registrars. His main function is to coordinate the work relting to the cooperative movement between Panchayat Samithis and Tauk Cooperative Officers.

COOPERATIVE AUDIT WING : In the State level and District level, the pattern of the staff is as follows:

The chief Auditor as the head of the audit wing is of the cadre of Additional Registrar, He is assisted by one Deputy Registrar (Audit), (Head office) with two cooperative sub- Registrars (Audit).

In the District level there is one Deputy Registrar/District Cooperative Audit officer. He is assisted by one Cooperative sub-Registrar, two Senior Inspectors, Two Junior Inspectors and other staff.

The representatives on the Board of the management of the consumers' stores are being nominated by the Registrar with Govt. participation in the form of Govt. share capital and Govt. guarantees. The object is to watch the interests of the society and to safeguard the finances of the Govt. Often, the Chief Executive of the whole sale/Central store, in Andhra Pradesh is a Govt employee on deputation belonging to the cadre of the Cooperative department of the State Govt. The role of the Govt in appointing the chief executives and in nominating some of the Board of Directors in the consumer cooperative Stores is a powerful force and it has an important role to play in determining the future growth of the consumer cooperatives[1]. To overcome the problems of consumer cooperatives, they require additional financial and other technological

1. Consumer Cooperative movement in India . An Appraisal by R Aravindasan and S Bandopani ICA Publication New Delhi 1971. P 90.

support. It is felt that the pvovision made by Govt every year to assist the consumers' cooperatives is inadequate and in view of the important role being played by them, special attention has to be paid to their activities. The department has to extend its assitance in a planned and selective way to these cooperatives which have a bright future in moulding and shapening the economy of the rural population. The consumer cooperatives which form part of the retail trade falls under the internal trade, controlled by the Ministry of commerce. There does not appear to be adequate [1] coordination in this matter at any level. Inadequate coordination and lack of integration at the district and/ or state level for pooling resources have adversely affected the growth of the consumer cooperatives. So also, different ministeries deal with consumer movement on sectoral basis. A proper coordination of all efforts to strengthen the activities of the movement is very essential at this juncture.

The Registrar is assisted by five additional Registrars, 35 Joint Registrars, 76 special Grade Deputy Registrars and 320 Dy Registrars. There are about 1580 sub-Registrars, 1650 Senior Cooperative Inspectors and 880 Junior Cooperative Inspectors.

1. Dandapani's Rationalisation of consumers' movement in Western Europe - Ministry of Railways, Govt of India, New Delhi 1971 P. 89

Non-Official

The non-official set up of the consumers' cooperative can be discussed with reference to the various levels such as :

a) National (b) State and (c) District

a) National At the national level, there are four important organisations as indicated below:

a) National Cooperative Union of India (NCUI)

b) National Cooperative Consumers' Training (NCCT)

c) National Cooperative consumers' Federation (NCCF)

d) National Cooperative Development Corporation (NCDC)

a)National Cooperative Union of India (NCUI)

It was in 1949 that the All India Cooperative Union was formed and it was registered in 1956 as an apex national level cooperative Union[1]. Subsequently, its name was changed to National Cooperative Union of India. It was formed with the sole object of promoting and developing cooperative movement in India. It is also responsible for educating, guiding and assisting the public in their effort to build up and expand the cooperative Sector. It also serves as an exponent of the cooperative principles. In 1960, the responsibility of cooperative training was

1. Dr. R.P Saxena Ph.D Consumers' Cooperation in Uttar Pradesh. Lucknow University. Lucknow 1982

transferred to the National Cooperative Union of India, based on the recommendations of the Study Team.

b) National Committee for Cooperative Training (NCCT)

This is a joint venture by the Govt of India and the Reserve Bank of India. This committee was formed in 1953. Many cooperative colleges, training centres/Research institutes have been established by this Committee. NCUI receives scholars from other countries and sends participants to other countries and conferences and seminars.[1] This is a three tier structure, viz, (i) National Cooperative Union (National level) (ii) State Cooperative Union (State level) and (iii) District cooperative unions [2] (District Level).

c) National Consumer Cooperative Federation (NCCF)

National Consumer Cooperative Federation is the apex body of the consumer movement at the National level. It was registered in October 1965 and started its business in September 1966. The NCCF has 21 State Federations as its members including Super bazars. In June 1985, its membership was 105 and it has five regional offices spread all over the country [3].

1. Dr. RS Saxena Ph.D Consumers' cooperation in UP. Lucknow University , Lucknow 1982

2. Constitution of National Cooperative Union of India New Delhi.

3. Sri Mathur BS Cooperation in India Agra 1975. p 346

The Federation has achieved the sale turnover of Rs.156.83 crores in 1984-85 as against Rs. 156.71 crores during 1983-84. The paid up capital amounted to Rs. 474.94 lakhs including Rs. 202.74 lakhs contributed by the Govt of India. The reserve and other funds of the Federation amounted to Rs. 105 lakhs. The Federation has taken up new items of work such as procurement, buffer stocking, distribution of pulses, tea, spices and other grocery items on large scale.[1]. The main object of the federation is to render Technical guidance and assistance to customers in grading, packing, standardisation, bulk buying, storing, procuring etc. As a measure of improvement of their operational and managerial efficiency, the NCCF of India is rendering technical guidance and providing assistance to its members/institutions/stores through its consultancy and promotional cell.[2]. A number of systems developed by this cell are being introduced in the consumer cooperatives. The executive committee of NCCF is constituted by a Board of Directors which will supervise the operations regarding, managerial activity of the concern. There is a Business committee consisting of a president, zonal directors, Govt, nominees and the Managing Director [3]. The supreme authority

1. Annual Report - 1985-86 Min.of Food Civil Supplies Dept of Civil Supplies, Govt of India, New Delhi. P.24

2. NCCF - A profile of progress Sept 30,1976.Min of Civil Supplies, Govt of India, New Delhi

3. Bye laws of NCCF of India

of the Federation vests with the general body.

d) National Cooperative Deveopent Corporation (NCDC)

This Corporation was set up in March 1963 under the NCDC Act, 1962 and it is charged with the responsibility of planning and promoting country wide programmes through cooperative societies in the production, processing, marketing, storage, food stuffs and notified commodities.[1]

It is essentially a promotional and development organisation. The main ingredients of this role are development of agricultural marketing supplies, processing and storage in the cooperative sector, to support the programmes for increasing agricutural production, assessment of cost-benefit and investment return rates etc.

It assists the marketing and service cooperatives in the distribution of consumer goods in rural areas to ensure equitable and fair distribution to the people. Under this scheme, assistance is provided by way of margin money to the societies for raising bank credit for their business and purchase of a transport vehicle which can be a four wheeler vehicle or a tractor with a trolly depending upon the quantum of trading society. Assistance for this purpose ranges between Rs. 24,000 to Rs.60,000. In order to enable

1. Role of a National Cooperative Deveopent Corporation by RS. Bare. The Tamil Nadu Journal of cooperation May 79 p.468.

the primary marketing societies to set up a retail outlet at the mandi level for the benefit of visiting rural population, NCDC also provides cent percent loan -cum subsidy assistance- 75% loan and 25% subsidy - for furniture, fixtures and fittings. Per society, the average assistance comes to Rs. 12,000. So also in respect of Primary Service Societies assistance is given at average rate of Rs. 5000, i.e.75% loan.

The scope of the above scheme has now been extended to the primary/central marketing societies, state level societies and whole sale cooperative societies/ stores acting as lead societies in union territories. The assistance will be provided direct to the societies on the guarantee of the central Govt in relation to the loan component and would carry a concessional rate of interest.

b) State Level : There are two institutions functioning at State level, viz, (i) State cooperatives Unions (ii) Andhra Pradesh State Cooperative consumer Federation Ltd.

i) State Cooperative Unions.

State cooperative unions have been formed with the object of promoting cooperation and conducting various training activities. The cooperative societies are free to

join as members of this union and the finances are raised by admission fee and annual subscrptions. In 1919 the Andhra Rashtra Cooperative Union Ltd was registered under 1912 Central Cooperative Society Act by Dr.B Pattabhi Seetha Rama Rao and Pantulu at Vijayawada with 13 members.[1] From Vijayawada, it was transferred to Rajahmundry in 1935.

All the Apex and district level cooperative marketing credit, primary, Training, Industrial, Milk Dairy (supplies) etc are the old members. In 1985-86, there were 1200 members and in 1986-87 the membership rose to 1285. The AP cooperative Union is running six Training Centres, each in Anantapur, Nellore, Proddatur,, Visakhapatnam, Warangal and Hyderabad. The training activities are being conducted in these centres.[2]

The Management of the Union is run by 13 members and there is an administrative committee. At district level and regional level the instructors are administered and enrolled by the committee constituted for the purpose. Since 30 years, the Cooperative Union has been conducting cooperative education progremmes and activities. There are 43 educational Instructors, mostly involved in carrying out.

1. The existing Andhra Pradesh was formed only in 1956 and Vijayawada was part of composite state of Madras.Kendra Sahakara Samithi published by Andhra Rashtra Sahakara Union Ltd.

2. AP Cooperative Union 'Karmasabhya Sasaveshan published by AP Cooperative Union Ltd., Hyderabad 1987 P 9.

educatonal programmes to remind and explain the value, responsibilities and duties of the Directors, the managing committee and members. In 1985-86, 1680 classes were conducted wherein there were 2446 trained as palakavarya members and 30,296 trained members and 4723 other members.[1]

(ii) Andhra Pradesh State Cooperative Consumer Federation Ltd

It was established in February 1966 and it is the apex institution of consumer cooperatives in Andhra Pradesh. A detailed study thereon is given separately in the next chapter.

(c) District level

There are three important units under this:-

(i) Wholesale/Central Consumer Cooperative Stores.

(ii) Primary consumer's cooperative societies.

(iii) Departmental Stores/Super bazars
(Vibhaga vikraya shalalu)

(i) Wholesale/Central Consumer Cooperative Stores:

These stores work with a network of branches. These branches have been set up in all big cities of Andhra

1. Andhra Pradesh State Cooperative Union Ltd. Sarwasabhya Samaveshan, published by A.P State cooperative union,Gun Foundry Hyderabad 1987-Feb 23 Page 4

Pradesh. In 1962 many towns were covered under the scheme and later on the scheme was extended to few more towns during 1964-65. In 1964, greater emphasis was made to this scheme on account of the introduction of centrally sponsored schemes. No proper attention was paid to it prior to 1964 but now the wholesale stores have been set up with various objectives and are being managed on the federal pattern in this state. As a distributive society, the main object is to supply domestic and other requirements of its members for their consumption. It also encourages thrift and activities connected with self help.

Membership

All individual and primary societies of the area are members of the wholesale stores. Salary earners' societies of other places engaged in consumer business are also eligible to be members. Individual members should have attained 18 years of age and of sound mind. According to the bye-laws prescribed by the Govt. State Govt. also can be special members of the store. Those who want to have business relations or those who are in service of the store can be also nominal members by subscribing non-refundable amount of Rs 2/- as entrance fee to the stores. Such members will not be eligible to vote in the meetings or participate in the management. Every primary society has to

contribute Rs 5/- as entrance fee and share participation of Rs 100/-. Membership cannot be transferred to other societies without prior permission of the Board. Membership of Primary stores can be terminated in the following circumstances.

(i) If the primary store membership is harmful for the interest of the store.

(ii) If the membership is considered to be illegal by the Board.

(iii) If the primary store has been continuously a debtor or has violated the rules and regulations of the store.

The membership of the individuals also can be terminated in the following circumstances:-

(i) By leaving the area of the operations of the store.

(ii) If declared insolvent.

(iii) At the occurrence of death of the individual member.

(iv) At the time of transfer and forfeiture of shares of the individual member.

The termination of such membership will be brought to the notice of the General Body meeting and the member will be given six week's time for appeal.

The wholesale stores receive income from the following sources.

(1) Entrance fee(2) Share Capital (3) Deposits (4) Donations (5) Subscriptions (6) Loans (7) Reserve and Funds (8) Profit (9) Govt. Subsidy and grants.

The shares of the whole sale stores are of two kinds; viz. Grade I and Grade II shares. Grade I shares are Rs 100/- each and they are open to Primary stores and State Govt. whereas Grade II shares are Rs 20/- each which are open to individual members.

Control of whole sale stores

Following are the bodies through which the affairs of the Wholesale stores are managed and controlled.

(a) General body (b) Board of Directors (c) Working Committee (d) Supervisory Committee (e) President and (f) Secretary.

The General body being the supreme body has representatives from the Primary Societies. If the Primary Societies have more than 200 members, they can send two representatives but no society can send more than five. The General body meeting is convened by one of the officers of the Cooperative dept, nominated by the Registrar. Fifteen

day's time should be given for the meeting indicating the time, place and agenda. If any representative would like to discuss any proposal, seven day's time should be given and the proposal should be sent to the Secretary of the Wholesale store but in special circumstances, this period of seven days can be reduced with the concurrence of the President of the Wholesale Stores. One-third of the total number of the General body is the quorum, or 15 persons whichever is less. If there is no sufficient quorum the meeting can be reconvened with one-fifth as the quorum or 10 persons whichever is less. The Vice-President presides in the absence of the President but if both are absent a new President is elected for the purpose.

The directors are elected out of the representatives and the Board will include one nominee of the Registrar. One of the Directors has to be a woman and the Board will, once elected, function for 3 years. A working committee consisting of five members is elected by the Board of Directors. The Board's function relate to activities like transportation, manufacture, gradation, marking,packing, Distribution etc. The wholesale stores can open their own retail shops if the situation warrants, for the distribution of commodities and may also procure commodities from private manufacturers.

(b) primary consumers' cooperative stores.

Primary consumers' cooperative stores are being run more on democratic principles. The general body is the supreme authority. There is a Board of Directors to manage the day to day working of the store. One of the members of the Board of Directors is nominated by the Registrar of Cooperative societies.

The administration of the primary cooperative store is done through the following bodies:

A. General body of the members.

B. Board of Directors

C. Board of Management.

D. Inspection Committee.

E. President & Secretary.

All the affairs of the society are looked after by the General body, the meeting of which is convened at least once in six months as per the direction of the Board. The Deputy Registrar is authorised to call for the meeting. Before 10 days of the meeting, the notice as well as the agenda should be circulated to the members. If the meeting is annual, the agenda should accompany the annual audit report so that the members can be kept informed of the financial position of the society. If any member desires to present any urgent

matter to the General Body, seven days' notice should be given to the Secretary, but this period can be reduced at the discretion of the President. The quarum of the meeting requires 25 member or one fifth of the total number of members., Every member has one vote and proxy is not allowed.

To be elected as a director, the follwoing conditions are to be observed.

a) One must complete the age of 21 years
b) The person should be of sound health
c) The person should not have been declared insolvent.
d) One should not have his own competitive business with the store
e) The Registrar may not have declared him unfit.

The Board of Directors will meet as and when they are called by the Secretary. The intimation of the meeting is circulated to each Director in advance of seven days of the meeting. Out of the Board of Directors the committee is formed for management consisting of five members including the President and the Secretary. This committee continues for one year At least once in a month the meetings are called to perform various functions of the society. Some of the important functions are :- admission of new members,

acceptance of the resignation, control of the working of the office, checking of accounts, presentation of final accounts before the Board of Directors, furnishing information required by the Registrar, safeguarding, cash, valuables and other records etc. The important function of the secretary is to call for the general body meetings and Board meetings by preparing minutes of the meetings.

e) Departmental Stores/Super Bazars/Vibhaga vikrayashalalu

Super Bazars have become very popular in these days. In super bazars one can have complete shopping under one roof, and all kinds of commodities are placed for the convenience of the customers. This scheme has been developed in the cooperative sector with a view to providing all shopping facilities according to the variety of needs of the buying population. When the rupee was devalued, a great need was felt to meet the emergency conditions and hence super bazars were started as a part of accelerated scheme. In order to check the price line and give relief to the economically weaker sections in the urban areas, this scheme was introduced. The administrative set up of theses super bazars/vibhagavi krayashalulu is given below.

It is headed by a Manager who will be looking after business, accounts and administration. Under him there will be an Assistant Manager who will be in charge of general

affairs. There will be another Assistant Manager who will suppervise textiles and another Assistant Manager who will look after groceries. There will be supervision over salesmen with helpers under the Assistant Managers of Textiles and groceries. The super bazars are run by the wholesales Stores except the Lakshmi Superbazar, Hyderabad which is carried on as a branch of Andhra Pradesh State Consumer's cooperative Federation limited. Further details indicating the growth and developement are given. In Chapter II Wholesales/central consumer cooperative Stores.

"Cooperative retailing is only one aspect of a constructive movement of great significance in our present welter of economic experiment and reconstruction" H. G Walls.

Quoted by Maharashtra State Cooperative Union in

"Towards a Cooperative Socialist Common Wealth.

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CHAPTER – VIII

ANDHRA PRADESH STATE CONSUMER'S COOPERATIVE FEDERATION LTD [FEDCON]

The National Consumer's Cooperative Federation of India (Ltd) (NCCF) was established in 1965 as a national level apex body of the consumer cooperatives in India. Its principle object is to help in development of the consumer cooperative movement by providing supply support, extending business counsel and acting as a coordinating agency. Its members are the State level consumer cooperative federations and leading consumer cooperatives in the country. The Andhra Pradesh State. Consumer's Cooperative Federation Ltd. (FEDCON) is also one of such members as an apex body at state level. It is in this background that APSCCF was established to deal with business of the wholesale consumers' stores at the state level with more than 10 wholesale stores[1].

The Beginning During the III Five Year Plan the Government of India provided for each business federation financial support in the form of share capital to the extent of Rs. 1,00,000 [Later on increased to Rs. 2,00,000] and managerial subsidy during 3-5 years to the extent of Rs 10,000. At the state level 21 State Federations[2] were

1. A guide to the working of consumer co-operatives letter and notes. NCDC 1965 PP 15-16.
2. Consumer's cooperative Federation, Government Andhra Pradesh.

established by the end of June 1982, covering all the stores except Goa, Andaman, Nicobar, Meghalaya and Nagaland where the members of the existing wholesale stores did not justify establishment of State Federation. The main functions of a State Federation are to obtain supply from National Consumer's Co-operative Federation of India, [NCCFI] and other sources and provide the same[1] to the consumer stores. The State Federations in the area of consumer cooperatives are of recent origin during 1965-66 and 1966-67.

The Andhra Pradesh State cooperative consumer's Federation was registered on 12th February 1966 at Hyderabad, (Registration No:181208/62 H2) with Five branches at District level, viz KURNOOL, VIJAYAWADA, (Krishna) WARANGAL VISHAKHAPATNAM and ONGOLE.

The present activities of the federartion are to deal in controlled, cloth, non- controlled cloth and other items of general merchandise such as, soda ash, Tubes, Tyres soaps, distribution of Janata sarees and dhoties to card holders, Government, text books (class I to X) Lepakshi note books to the students, supply of Electronic equipments

1. Arvdason R. Dandapani S. Consumer Coopertaive movement in India. An appraisal ICA, publicaiton, New Delhi. 1971 p114

to High schools and colleges, under the scheme of vocationalisation of school education, sales of imported levy free sugar, crackers, helmets, vespa PL 170 scooters, color TVs etc.

Objects and bye-laws

The objects of the state federation are to coordinate and facilitate the working of affiliated consumer's central cooperative stores and to assist in the promotion, organisation and development of cooperative consumer's stores.

a) To make bulk procurement of consumer goods from within the state and other states mainly for sale and supply to affiliated societies and arrange for proper storage, packing, grading and transport of such goods.

b) To function as agent of Government and under takings in public, private and cooperative sectors for the distribution of controlled and other consumer goods and to import consumer goods from abroad in suitable circumstances on behalf of affiliated societies and other cooperatives.

c) To establish and run manufacturing and processing units for the production of consumer goods in collaboration with, other cooperatives or directed by itself.

d) To build common cause of employees of affiliated cooperative wholesale stores.

e) To render technical guidance and assistance to affiliated wholesale stores in grading, packing, standardisation, bulk buying stores, display, pricing and other business techniques and also management methods and practices.

f) To supervise the working of affiliated stores.

g) To hold seminars and conferences, manage and undertake publicity, propaganda and education and campaigns and similar other functions as they help in the development within its area of cooperation.

h) To collect and disseminate market intelligence and other information relating to the business of consumer cooperatives.

i) To arrange for the training of the employees of consumer's cooperatives in coordination with the assistance of their concerned agencies.

j) To assist the affiliated wholesale stores in securing financial accommodation from State Bank of India, State and Central cooperative banks and from commercial banks of financing agencies.

In furtherance of the aforesaid objects, the state federation shall be at liberty.

1) To receive share capital and loans from Government and loans from cooperatives, financing agencies and the State Bank of India.

2) To accept agency of any person or firm or Govt for sale or distribution of consumer goods.

3) To establish business relations with marketing, processing and industrial cooperatives.

4) To become member of the State Cooperative Bank, National and State level federation and unions.

5) To acquire lands and buildings, vehicles, factories, workshops and machinery and equipments.

6) To create a cell of technical personnel.

7) To set up a committee or cell for selection, appointment and control of the cadres of employees of affiliated wholesale stores.

8) To undertake management of an affiliated wholesale store where necessary, on such terms and conditions as may be mutually agreed between the state federation and the affiliated wholesale stores.

9) To accept deposits from members and non-members and to borrow funds from the cooperative Banks, the State Bank of India or Government or any other sources approved by the Registrar of cooperative societies of Andhra Pradesh.

10) To establish branches and Regional distribution centres wherever necessary for catering to the requirements of the consumers' stores and societies.

11) To take up retailing activities by establishing super Bazar-Retail unite and mobile units as and when necessary at places where there is such need or when called upon by Government to do so.

12) To establish laboratories for testing of consumer goods in general and making such services available for consumer cooperatives in particular.

13) To import and export with the approval of the Registrar, such other activities as are incidental and calculated to help the development of consumer cooperative movement.

Membership

The membership of the Andhra Predesh State Consumers' Cooperative Federation consists of the following:

i) Regular membership

ii) Nominal membership or Associated membership.

The regular membership of the APSCC Federation is open to the following institutions:

a) Wholesale central cooperative stores.

b) Primary consumer's cooperative stores or super bazars, provided they have a membership of 250 or above as well as sales turnover of Rs 3 lakhs or above per annum during the cooperative year preceding the date of application for membership.

A member will have to take atleast 3 shares of Rs 1000 each. Regarding voting rights each member will have only one vote irrespective of the share participation into the share capital.

Nominal member or Associate member

Any cooperative society doing business in consumer articles which desires to draw supplies from the federation may be admitted as an associate member by subscribing Rs 25 as non refundable fee. Such member will have no-right to vote in the meetings.

The membership of the federation as on 31-1-1990 is 58. When the federation commenced working, there were

13 members in 1970-71. It incresed to 31; further increased to 39 in 1985-86. [1]

The area of operation of Andhra Pradesh State Cooperative consumers Federation according to the bye-laws will be limited to the extent of the state of Andhra Pradesh only.

The sources of funds of the federation are:

__ Entrance Fee

__ Share Capital

__ Borrowings

__ subsidy, grant etc.

__ Reserves and funds

__ Profit

The bye-laws provide various rules regulating the funds.

FINANCE:

The financial position of APSCCF in Andhra Pradesh is indicated in the table VIII - 1 and VIII - 2.

Tables show the share capital, borrowings, state participation, reserve funds, working capital, profit and losses etc. for the years 1970 -71 to 1987-88.

1. The Administrative Report for 1983-84 to 1985-86 AP State Cooperative Consumers Federation Ltd., Hyderabad p.2

It is evident from tables No VIII - 1 and VIII -2 that the total amount of paid up share capital which was Rs. 4.21 lakhs in the year 1970-71 increased to Rs. 20.52 lakhs in the year 1973-74,Rs. 47.43 lakhs in the year 1984-85 and Rs. 49.43 lakhs in the year 1985-86 and Rs. 49.11 lakhs in the year 1987-88. The amount of paid up share capital increased during the year 1987-88 was about 10 times compared to that of year 1970-71. The state participation was Rs. 2.50 lakhs in the year 1970-71 and it increased to Rs. 3.76 lakhs in te year 1974-75 and Rs. 44.54 lakhs in the year 1987-88. Thus the increase during the year 1987-88 was about 17 times as compared to 1970-71.

The total borrowings and reserve funds have also been increased during the period under study. The amount of total borrowings Rs. 6.09 lakhs, in the year 1970-71 increased to Rs 7.21 lakhs in the year 1971-72. But further decline to Rs. 5.91 lakhs in the year 1972-73 and Rs. 5.65 lakhs in the year 1973-74 and Rs. 3.28 lakhs in the year 1974-75. It increased to Rs.4.54 lakhs in the year 1975-76. It further increased to Rs 67.38 lakhs in 1981-82 and again increased to Rs 127.61 lakhs in 1986-87. The average amount of borrowing per store was Rs. 1.52 lakhs in the year 1970-71 and increased to Rs. 1.73 lakhs in the year 1975-76. But later it increased to Rs. 16.84 lakhs in the year 1981-82.

The details shown in the tables show that upto the year 1986-87 the position of APSCCF Ltd in Andhra Pradesh was not much improved.

ORGANISATION AND MANAGEMENT

The organisation and Management of Andhra Pradesh State Cooperative Consumers Federation Ltd are laid in the following :-

__ General Body

__ Management committee (or) Executive committee

__ President and vice President

__ Managing Director

The general body is the supreme authority of the Federation. It consists of all affiliated central stores. A member society can withdraw its delegate at any time and send another in his seat. A delegate ceasing to be a member of the society which he represents shall cease to represent it.

A special general body meeting shall be called by 10 or 1/3 of total number of members on roll whichever is less. The notice and agenda specifying the date, place and time should be circulated at least 30 clear days [1] before the

1. Bye laws of the Federation.

date of meeting of the members. The functions of Gereral Body are :

a) To elect the Board of Directors and also to terminate them

b) To call from the executive body , the reports, regarding income, expenditure. Capital and liability along with trading and profits and loss accounts etc.

d) To approve, reject or modify the proposals regarding appropriation of surplus profits and other matters.

e) To prepare a guideline or policy to be followed by the board

The managing/Executive Committee of Federation comprises 12 central consumers cooperative stores elected representatives, 3 representatives of affiliated primary consumers' stores and super bazars who are elected members and 3 nominees of the State Government and one Managing Director (Ex-Officios). The period of elected director will be 3 cooperative years only. The meetings of the Board should be held at least once in 3 months but it may be called at any time or many times, if needed.

A person cannot be a member of the managing/Executive Body, and even cannot stand for election for the same under

the following circumstances.

a)__ if he has not attained the age of 21 years

b)__ if declared insolvent

c)__ If he is mad, deaf, dumb,blind or is suffering from leprosy

d)__ The person himself or his near relation has occupied a post which has been advantageous or privileged from the federation.

e)__ If the person is not the member of the general body of the federation.

f)__ if the person is debtor of the society of which he is a representative or the society itself is a debtor to the Federation.

g)__ If the person is not otherwise qualified according to rules and bye-laws of the federation or the cooperative Act.

Except the management/executive committee, the working committee and other sub-committees are constituted for the proper working of the Federation (APSCCF).

The bye-laws of the Federation (APSCCF) were framed in 1966. Since its working and upto 1986-87, The federation did play an important role as expected in supplying food grains and other essential consumer articles.

gradually, the AP State Consumers' Cooperative Federation (Fedcon)[1] became the state level agency for distribution of Mill-made controlled cloth in the state of Andhra Pradesh. National level Consumer Cooperative Federation(NCCF) is the National Level coordinator. Printed sarees, dhoties,(grey and bleached) long cloth and polyster, cotton and blend shirting are among the products manufactured by various NTC mills located in different parts of the country under the controlled cloth scheme.

The stocks of controlled cloth are allotted by the Textile Commission Bombay to the State Federations and the "Fedcon" has been distributing the cloth in this state through the net work of semi-wholesales and retailers in the Districts. The need for the state Federation for setting up of "agricultural commodities inventory loss fund" from which losses could be met in case of stocking agricultural commodities in a big way was also stressed by the Conference of Cooperative Societies.[2]

APPRAISAL

A.P Fedcon was organised with the objective that it will procure agriculture produce like pulses, spices, as well as scarcity commodities like bicycle Tyres, tubes, watches,

1. Fedcon is the business name in short form for Andhra Pradesh state consumer co-operative federation Ltd., Hyderabad.AP.

2. Agenda notes of the conference of cooperative socities held on September 8 to 19,1970 NCUI,New Delhi p.187

baby food, clothings, and other consumer articles for the wholesale stores and for the ultimate consumer. At present the Federation is dealing with the following commodities.

__ Agriculture Produce and foodgrains

__ Pulses, rice, tea, imported levy free sugar, baby food, ghee, etc.

__ Mustard Oil, palmoil, Groundnut oil

__ Vegetable oil, Dalda, Rath

__ Clothing, controlled and non-controlled handlooms, Janata handloom sarees and dhoties, polyester cotten blend shirting.

__ Government Text books (class I to X) Lepakshi note books

__ Electronic equipments, Audio visual equipments etc

__ Vespa PL 170 scooters

__ Colour TVs- crackers, Helmets, Fans.

__ Rickshaw Tyres, Tubes

__ Stationery

__ Watches (HMT) Plastic goods, polythene bags

__ Soap for washings and bathing.

The progress of the Federation (Fedcon) in respect of its membership, share capital and profits from the year 1970-71 to 1986-87 can be had from the following Table VIII-3.

In the year 1966-67 the membership was 17 with paid up share capital of Rs. 3.2 lakhs of whih Government share contribution was Rs. 2,00 lakhs.

TABLE VIII-3

STATEMENT SHOWING THE POSITION OF MEMBERSHIP, PAID UP SHARE CAPITAL, SALES TURNOVER AND PROFIT AND LOSSES OF APSCCF

(From the year (1970-71 to 1987-88)

S	MEMBER-SHIP	PAID UP SHARE CAPITAL (in Lakhs)	SALES TURN-OVER (in Lakhs)	PURCHASES (in lakhs)	+ Profit AND - Loses
-71	31	4.21	24.96	24.71	- 2.64
-72	31	7.29	30.48	28.23	- 0.86
-73	29	17.71	94.34	93.12	+ 0.76
-74	30	20.52	327.58	309.57	+ 1.08
-75	35	25.38	374.94	358.63	+ 4.28
-76	35	33.17	362.11	351.13	+ 7.26
-77	35	33.17	383.67	347.02	+10.80
-78	35	31.47	366.78	354.01	+ 0.89
-79	35	40.47	579.74	687.87	+ 1.50
-80	35	48.87	406.36	404.31	+ 0.16
-81	37	40.93	508.11	475.22	-27.82
-82	39	49.02	460.09	535.09	+ 3.43
-83	40	47.90	506.61	434.71	+ 7.32
-84	39	49.93	645.69	648.86	-39.08
-85	39	47.43	996.41	917.20	-63.12
-86	39	49.43	2274.54	2212.18	-47.28
-87	44	48.84	2047.20	2239.46	-44.89
-88	50	49.11	1250.76	1195.36	- 3.56

Source : Data compiled from the records of APSCCF, Hyderabad.

The above table reveals the progress of the membership, paid up, share capital, and also the amount of profit and loss earned during the year 1970-71 to 1986-87.

The membership which was 31 in the year 1970-71 has increased to 35 showing 11.3% in the year 1974-75 although the figures of 1972-73 and 1973-74 had fallen down. It had been increased to 40 in the year 1982-83. But the membership came down to 39 in the year 1985-86 and there has been no improvement in membership during the year 1983-84 to 1985-86. The amount of the paid up share capital during the period has also increased i.e, from Rs 4.21 lakhs in 1970-71 to Rs. 33.17 lakhs in 1975-76. It declined to Rs 31.47 lakhs in the year 1977-78. But it increased to Rs. 48.93 lakhs in the year 1980-81 and it has further increased to Rs.49.02 in the year 1981-82 but declined to Rs. 47.43 in the year 1984-85. It increased again to Rs. 49.43 in the year 1985-86 showing 8% increase in the year 1985-86 as compared to 1975-76.

Regarding the sales turnover it can be said that the Federation (Fedcon) sales in 1975-76 were Rs. 362.11 lakhs as against Rs. 24.96 lakhs in the year 1970-71. The sales were increased to Rs. 579.74 lakhs in the year 1978-79. After the year 1983-84, the Fedcon (APSCCF) has again increased its business. The sales turnover and purchases were considerably increased.

Thus, the sales which were Rs. 645-69 lakhs in the year 1983-84 were increased to Rs. 2274-54 in the year 1985-86 and Rs. 2047.20 lakhs in the year 1986-87. The amount of the total purchases was Rs. 351.13 lakhs in the year 1975-76 and increased to Rs. 687.87 lakhs in the year 1978-79 although the figures of the years 1979-80, 1980-81,1981-82, and 1982-83 show fall in the amount of purchases.

There was an increase of purchases from Rs. 648.86 lakhs in 1983-84 to Rs. 2218.18 lakhs in 1985-86.

the over all progress regarding the working capital, membership alongwith the member of branches is indicated in Table-Viii-4.

TABLE VIII - 4

THE PROGRESS OF THE WORKING CAPITAL, MEMBERSHIP AND NO. OF BRANCHES

FROM THE YEAR 1970-71 to 1987-88

YEARS	WORKING CAPITAL (in Lakhs)	MEMBERSHIP	NO. OF BRANCHES
1970-71	7.49	31	4
1971-72	11.09	31	4
1972-73	20.40	29	4
1973-74	25.94	30	4
1974-75	31.09	35	4
1975-76	43.17	35	4
1976-77	46.09	35	4
1977-78	55.53	35	4
1978-79	65.11	35	4
1979-80	108.76	35	4
1980-81	124.56	37	4
1981-82	123.95	39	4
1982-83	116.90	40	4
1983-84	117.48	39	5
1984-85	105.50	39	5
1985-86	241.48	42	5
1986-87	384.06	44	5
1987-88	199.67	50	5

Source : Data compiled from the records of APSCCF, Hyderabad.

The above table reveals that the amount of working capital was Rs. 7.49 lakhs in the year 1970-71 and it increased to Rs. 207.25 lakhs in the year 1985-86 and it decreased to Rs. 160. 3 lakhs in the year 1986-87. The amount of the paid up capital also increased tremendously. The number of branches was only four at the district level in the year 1970-71. But there was no improvement upto 1986-87.

The membership which was 31 in the year 1970-71 increased to 44 in the year 1986-87, again increased to 50 to 1987-88. The above membership and percentage with regard to the management expenses show that it is not more than 4% of the sales turnover which was spent for this purpose.

The following table VIII - 5 furnishes an idea of the financial working from 1975-76 to 1987-88.

It can be seen from the statement that the position of the Federation has improved very much. During 1987-88, the sales turn over was Rs. 1250.76 lakhs. Total paid up share capital for that year was Rs. 49.11 lakhs. A sum of Rs 44.54 lakhs constituted the state participation during 1987-88. Out of the total borrowings of Rs. 92.64 lakhs, a sum of Rs.45.74 was borrowed from the state Govt. A sum of Rs. 199.67 lakhs remained as the working capital at the end of 1987-88. Purchases during the year amounted to Rs.1195.36 lakhs. Thus the Federation transacted a very good business during the last few years.

The Fedcon (APSCCF) has to play a bigger role in providing wholesale selling support to the retailed organisation. The organisational structure of the APSCCF should be broad-based to cover all the ration organisation having a minimum sales turnover and the financial positon of these institutions should be strengthed , so that they may be enabled to undertake in a large measure , a certain amount of buffer stocking of agricultural commodities and manufactured items. The managerial efficiency of those organisation should be proffessionalised.

Federation (APSCCF) should also provide management consultancy, service relating to various aspects of stores

management such as, inventory control, standardisation of inventory, financial management and control. It should also render guidance in shop planning and layout etc.

The Fedcon (APSCCF) has a bright future, if it is initially organised with a view to making wholesale or bulk purchase for and on behalf of the affiliated consumer cooperatives and their constituents, and for coordinating their activities and also assisting the consumer cooperatives in their overall growth and development. In this connection, it may be pointed out that purchasing is a specialised function and should be entrusted to specialised and professionally trained hands. Since all the wholesale or primary consumer stores in Andhra Pradesh are not in a position to attract such specialised professional, it is necesary to centralise and concentrate the functions of purchasing materials in the hands of APSCCF.

MODE OF PURCHASE

About the policy of purchasing the commodities and supplying to wholesales/central stores and super bazars, Govt of Andhra Pradesh as early as 1968, took action and considered certain problems . In August 1968 a meeting of all Business Executives of all central consumer stores of the AP State Consumer Cooperative Federation was convened at

Hyderabad.[1] It was discussed inter-alia about the purchase and purchasing policy, fumigation of godowns of Central stores and installations of stainless steel processing unit. Regaring the purchase and pricing policy it was decided that though tne Govt of India have negotiated with the manufacturers to earmark 10% to 20% of their production to the whole sale stores, the AP State Consumers Cooperative Federation may purchase the articles from the manufactures by pooling the indents from the Central Stores and placing a bulk order. This is economical as the manufacturers are assured of the prompt payment of their articles. Some of the articles which come under this category are, paper, stationery, cycle tyres, and tubes,soaps, horlicks.ovaltine, razer blades, woollen textiles, tea. oils, umbrella, salt, sports goods. toys, cycles, ready made garments, cigerettes, sewing machines, cosmetics. medicines, transistors etc.

Regarding edible oil it was recommended that the Federation should undertake the regular purchase of the edible oil from the oil mills of AP. Some oil mills are run by the cooperatives. e.g, Khammam Cooperative Marketing Society. So the Federation can negotiate with the manufacturers and purchase oil for distribution to the wholesale/central stores or Super bazars.

1. Workshop Seminar of business executives held in 1968 at Hyderabad

Some of the agricultural commodities which come under the purview were rice, wheat, maize, jawar, chillies, onions, coriander, pulses, greens, tamarind, jaggery etc. Instead of purchasing some of these commodities from the producing states by the wholesale stores, the State Federaton can order bulk purchase by negotiating such states. For eg., wheat and wheat products like rava and maida are produced in abundance in Punjab and Haryana. Much economy can be achieved if one agency for the whole sale undertakes the purchase and supply the same to all wholesale and central stores. The Fedeation can do a great service if such products are purchased at the harvest season from such states where wheat, rice, dhal etc are produced in abundance. For this purpose, the Federation should be very active, vigilant and alert so as to get the commodities at cheap rate when they are harvested and supply them to the consumer stores according to the indents placed by them. For this purpose, the Federation should be well equipped with the information about the production reason for various commodities in various states. For eg. Toor Dhal is normally harvested in May and June in UP. So also, good variety of toor dhal is available in Adilabad district in AP and it comes into market generally in January and February. Bengal Gram can be imported from Haryana. Utter Pradesh is another state from which many agricultural

products can be puchased for Andhra Pradesh. Within the state there are several centres specialised for some commodities. For eg. Jaggery is cheap in the production season in places like Hindupur, Tadepalli gudem, Anakapally etc. which are situtated in Andhra Pradesh. So also tamarind is produced in Chittor District and Hindupur in plenty and the State Cooperative Consumer Federation can make use of the opportunity for bulk purchase of commodities.

Even for textiles also the State Federation through the Natioal Cooperative Consumer Federation can procure goods at economical rates as 10% of the production can be diverted to the consumer stores. It is the State Federation's responsiblity to consolidate all the indents from the wholesale/central stores or super bazaar and negotiate with the manufacturers for supply of the same to the consumer stores of the state.

FINANCES

Under the guarantee scheme of the Govt of India, the Central stores have been obtaining cash credit accommodation when the state consumer Federation stocks large quantities of commodities to meet the requirements of wholesale stores/central stores. It will be easy for them to find

adequate funds to make their purchases to meet their immediate needs.

When huge quantities of commodities are stocked, deterioration enters and may result in losses. To avoid this, fumigation tablets are used in the godowns to save food stuffs from deterioration. Sometimes, these tablets are to be imported from foreign countries and Govt of India (Food and Agriculture Deptt) have to be approached for obtaining sanction for the import.

CONCLUSIONS AND SUGGESTIONS

The AP Consumer Cooperative Federations established in 1966 as an Apex State level body has grown much, judged from the membership,share capital, working capital,purchases, sales etc. Going by the aims and objectives enshrined in the bye laws, the Federation has tremendous responsibilities and obligations to fulfil for a successful management of the business. Some of the important problems faced by the Federation, in discharging its duties and adhering to the rules of the bye-laws and suggestions of remedy are outlined as follows:

1. Such an organisation like the Federation to be an agent of the Govt to undertake in private, public and cooperative sectors for the distribution of the goods

and to import the consumer goods from outside on behalf of the affiliated societies and cooperatives, requires trained personnel with initiative and expertise. In the absence of qualified and trained personnel, it is difficult to manage the affairs of the Federation. It has to ensure that a well trained and qualified management exists capable of providing management consultancy services regarding various aspects of the management such as inventory control, standardisation of inventory, financial management etc.

2. At the Federation level, much publicity has to be given about the consumers' need, consumer's problems and availability of consumers' goods. Unless the consumers are aware of the measures adopted by the Govt and other agencies for holding the price line and for supplying the consumers' goods through their stores, they will be totally ignorant. Thus consumer education is an important need to be attended to by the State Federation. The consumer has to be adequately educated by the Federation by holding seminars, conferences compaigns and by undertaking publicity and propaganda.

3. Production of consumers' goods is accepted as a most essential requisite by all cooperators but

seldom we find manufacturing processes by the consumer stores. At present, for most of the common goods, there is a total dependence on outside agencies and hence the Federation may have to consider the need to initiate action for production. The existing manufacturing /production units have to be revitalised and the scope of the quantum of production has to be expanded.

4. There is no strict enforcement at present about procurement of commodities through the agency of the Federation by the whole sale/Central stores/super bazars and primary stores. Procurement of commodities by one agency by negotiating with the seller in bulk quantities will ensure economy,quality, promptness and creditability by the Federation. It will result in avoidance of handling charges.

5. Cooperation between cooperatives [1] is an important cooperative doctrine. In India, there are many small and new enterprises but at the same time there are a few multinationals. The cooperatives have to face a competitive market and unless there is a cooperation between and among cooperatives, the future role of the cooperatives is a gloomy one. The State

1. Lars Marcus, President ICA, Tamil Nadujournal of cooperatives Nov 89.

Federation should receive the cooperation of all other allied organisations , societies and stores.

6. Measures for consumers' protection cannot be ignored by the Federation. The State Consumer Cooperative Federation has an immense potentiality to adopt measures for consumers' protection. It has to analyse and find out what problems the consumers confront with. Apart from rising trend of prices, there is an alarming trend of adulteration of food stuff. Many consumers are familiar with stories of sale of substandard drugs and medicines and adoption of unethical practices by some of the pharmaceutical firms. Short weights and short measurements are traditional tools in the hands of unscrupulous traders. An organisation like the State Consumer Cooperative Federation can do much in checking such tendencies by cooperating with the Govt in adopting the measures taken by them.

7. Yet another abuse common among the traders is manufacture of impure commodities of substandard qualities. It is the responsibility of the State Consumer Cooperative Federation to verify and assure the good quality of the commodities by testing them in laboratries. If laboratories are not established, the

help of the local laboratories has to be taken. Otherwise action should be taken to contact the educational institutions or municipalities where such testing is possible so that consumers are assured of goods of good quality.

8. The responsibility of the Federation to inport and export consumer goods cannot be ignored. It is through the Federation, contact with the National consumer cooperative Federation and with other countries can be made to explore the possibility of obtaining rare commodities of special requirements and of exporting consumer goods possessing profit earning capacity.

9. The Federation will be doing a great service by arranging training to the employees of consumer cooperatives in coordination with the assistance of the concerned agencies. Such a procedure will enable the employees to be thoroughly acquainted with the procedures of the stores such as grading, packing, standardization, stores display, pricing and other business techniques, management methods, practices etc.

10. Again, a well organised internal audit is very essential to scrutinise the accounts and to verify

the correctness of the procedures followed in purchasing commodities and allotment of the same to the whole sale/central stores/ super bazars and primary stores. In addition, an external audit by the Chief Auditor from the Deptt of Cooperation , Govt of AP, is also very desirable. It is hoped, the APSCCF will function as a strong financial base coordinating the services of all agencies and stores for the rapid progress of the cooperatives.

ii. Finally, the Federation has to ensure that it earns profit every year. During 1983-84, 1984-85, 1985-86 and 1986-87 the Federation sustained a loss of Rs. 39.08 lakhs, Rs. 63.12 lakhs, Rs 47.28 lakhs and rs. 44.89 lakhs respectively. Thus, for the four years, the accumulated loss is Rs. 194.37 lakhs. The reasons for the loss have to be analysed and loopholes should be plugged. If loss is increased year by year, it is not known how the Federation will function because the cost of maintenance will eat away the funds of the Federation. It has to be examined whether the loss is due to one of the following reasons.

i) increased overheads

ii) heavy payment of interest due to borrowings.

iii) pilferage

iv) injudicious purchases

v) deterioration of the quality of the commodities due to long preservation.

vi) heavy handling charges

vii) misappropriation/defalcation

viii) inefficient management.

Unless reasons for the loss are investigated and remedial measures are adopted, the financial future of the Federation is very gloomy.

" As a spokesman of the consumers' cooperative movement in the state, the Federation has a vital role to play. Its main principles are assisting and facilitating the working of consumer cooperative societies, establishing trade connection, arranging import of selected consumer goods through National Federation of Consumer Cooperatives, building up consultancy services, for improving the business and the managerial efficiency of the stores, undertaking publicity for developing the consumer movement and holding seminars and conferences etc. "

Cooperative Movement in Andhra Pradesh, by the A.P State Cooperative Union Ltd, Hyderabad p. 65

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CHAPTER - IX

FINANCE

Finance is the backbone of Cooperative business. If it fails in finance, it fails in everything. If it flourishes in finance, it is successful in realising its goal. Whatever be the manifold advantages of a cooperative store or a society such as large membership, high cooperative spirit, good location, attractive surroundings for sales, efficient personnel management etc., unless sound finance is ensured, its success cannot be guaranteed. Thus it is the life blood of the consumer cooperatives.

Need

In Andhra Pradesh, the consumer cooperatives have been working for the past about four decades. An indepth study of these stores in respect of state level, district level or primary stores level will reveal that the position of finance is not happy. The main purpose of running a Cooperative store is to supply the consumer goods to the common man at a competitive rate, achieving maximum economy and efficiency in its operation. Another objective is to achieve long term growth, ie.,by steadily growing and establishing itself as a strong resourceful organisation to meet any financial need. During the course of the study it is found that some of the societies have been wound up for

want of finance. Some have become dormant on account of poor financial position. Some are continuing their activity but not financially sound and are unable to clear the accumulated losses. Many of them are running on losses inspite of their large membership and huge purchases and sales.

A store should have sufficient capital to operate it successfully. It is required for fixed and variable costs. Fixed costs include cost of construction of a building or hiring of shop, premises, furniture, while variable costs are expenses on recurring items such as payment of salaries, purchase of stocks, payment of expenses etc. The ratio of variable to fixed costs in a consumer store is relatively greater as compared to that in manufacturing enterprises. The estimate of financial requirements is required to be done through careful budgeting. The amount of capital required for a consumer cooperaive would largely depend upon several management decisions.

The objectives of financial operations are to ensure economy and efficiency in the day to day operations of an enterprise. A consumer cooperative organisation must, therefore, very well adopt a proper system for the same under which the needs of the societies are served to the maximum in a most effective manner and content itself with

modest profits to keep its business going. Experience shows that a number of stores had to wind up their business due to inadequate finances.[1]

With all the independent status of the Cooperatives, they are still governed by certain norms. The Andhra Pradesh Government have passed legislation to give guidelines to the consumer cooperatives. By adherence to those guidelines, they depend upon the State for their finances. The Consumer Cooperatives, being autonomous business organisations, all the time need financial help and feasibility. The resources of consumer cooperatives have been specially mentioned in the Act, rules and bye-laws prescribed by the Government. No cooperative operation in the State can over rule, deviate or even can dilute the legal provisions, conventions, or instructions of the Department.

The consumer cooperatives right from village level upto apex level in the state form their capital structure with the help of internal as well as also external resources. The internal resource means and implies the money coming from the persons within the cooperative; physical and legal; acquiring the membership of the society. The form of this

1. Report on Evaluation of Consumer Cooperative, Planning Commission, Government of India, New Delhi 1966 p.31.

capital could be admission fee, share money, reserves and deposits from the members only. Similarly, the external resources comprise loans and borrowings from banks (Cooperative and Commercial banks), deposits from general public, ie., non-members, loan, subsidy and grants from Government and public corporations.

The procurement of funds involves cost, which has to be paid to those who supply funds to the enterprise in the hope that they would get adequate returns on their investment. Therefore, it is necessary to have a correct estimate of funds, which necessitates or involves fore-casting of cash, receipts and disbursements ec., on sound financial planning[1]

The consumer Cooperative stores in Andhra Pradesh seem to be depending much on Government and this is not a healthy tendency. Cooperatives become agencies for the distribution of Government resources rather than solvent economic enterprises. Cooperatives tend to be hampered by the passive attitude of the organised, lack of initiative and enterprise and start depending on outside resources. In such cases strict management principles are also likely to be

1.Consumer's Cooperative in Uttar Pradesh,by Dr. R.P. Saxena, Jhansi. p.306.

sacrificed. Hence the cooperators in their self interest should slow down the pace of development and should give every project, the same attention and thought as a modern business manager would do in a cooperative or a new private business undertaking.[1]

A big share of the Government subsidy and participation in consumer's cooperatives can be seen from the table given below for whole sale stores.

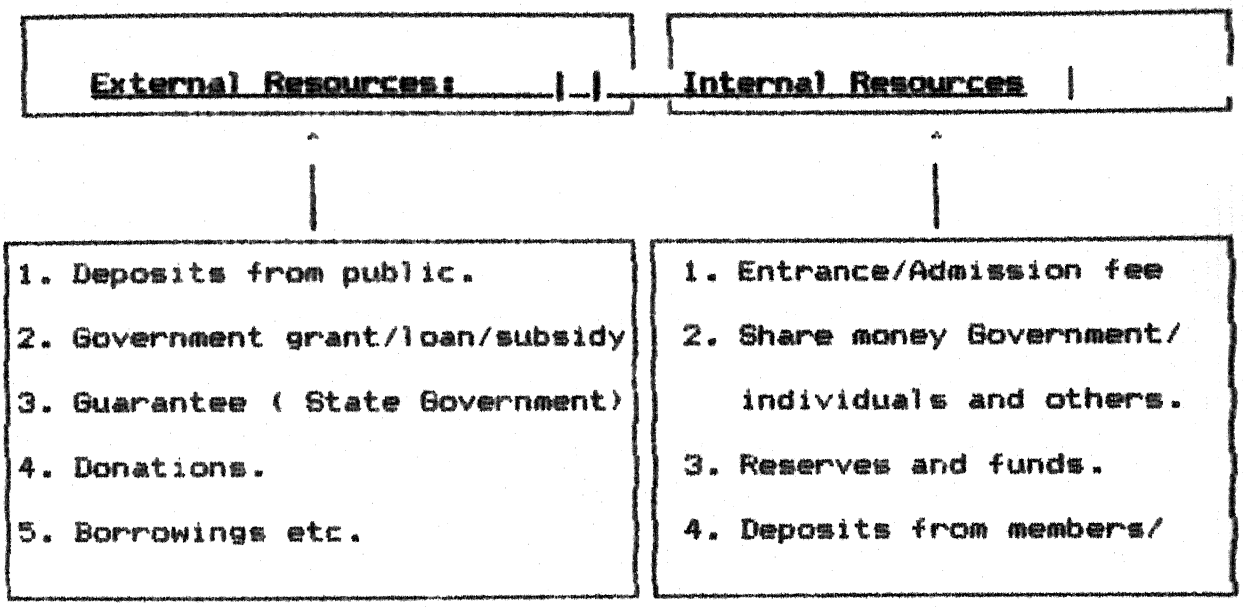
1. See Evolution of Cooperative thought by Dr. K.K.Saxena, Bombay,1974. p.173.

The above table reveals that a big share is contributed by the Government in the share capial of the Wholesale Stores of Andhra Pradesh. The percentage of Government share in the paid up share capital of the wholesale stores has come to 74.97% in 1980-81. If the secretary or managing secretary who is to look after the affairs of the stores is a Government Officer, by being on deputation, he will reflect Government's view point and hardly will be mindful about the proper financial planning as is required for a business organisation. But the recent trend is to recruit their own men for the stores, not much depending on the Government servants. The sources of income of the overall structure of Consumer Cooperatives in Andhra Pradesh consisting of primary stores at local level, whole sale stores and super bazars at district level and Andhra Pradesh State Cooperative Consumer's Federation (A.P.S.C.C.F.) at State level, (which may be called as an apex level organisation of the State) are detailed in the folowing paragraphs.

The structure of financial management differs from business to business, but, in the case of Cooperative institutions it is almost the same. The Natesan Commitee in 1960 classified the sources of finance of the stores into internal and external; internal resources include share

capital, reserves, other funds and deposits from members and external resources include borrowings from financial agencies and trade credits.

The following chart gives the complete idea of the formation of capital structure of the retail and wholesale stores in Andhra Pradesh.



It can be seen from the above chart that the internal financial resouces consist of entrance fee, share money and deposits from members and non-members along with reserves and funds. The external resources comprise borrowings, deposits from public, Government grants, loans and subsidy, gaurantees, donations and other borrowings. Thus the funds

of a consumer cooperative society are derived from the following sources and a detailed discussion of these has been done in the following paragraphs :-

(1) Entrance fee from the members

(2) Share Capital

(3) Reserves and funds

(4) Deposits (security or trade deposits)

(5) Borrowings

(6) Government grants and subsidy.

(1) Entrance Fee:

Entrance/Admission fee is levied on each member of a co-operative society as per provisions of the byelaws. The provision for admission/membership differs from society to society.

The Andhra Pradesh co-operative Societies Act 1964 is silent abount the amount of admission fee. The norms of fixing membership fee in the state of Andhra Prradesh are prescribed in the byelaws of the various levels of the societies. Normally, in the case of primary societies it is one Rupee to Rs.5, but in the case of wholesale/ central consumer stores it ranges between Rs. 5/- to Rs.10/-. In Andhra Predesh state cooperative consumers Federation (APSCCF), the amount of entrance fee per member is Rs.10/-.

This amount is non-refundable and included in the share capital of the society. With the given description, it can be said that it makes a very little share in raising funds, so far as a primary consumer society is concerned. At present, the strength of the total membership of primary stores is 5.92 lakhs and the entrance therefrom is Rs.2.96 lakhs. So also, the total membership of whole sale stores is 1.88 lakhs and the entrance fee is Rs.18.82 lakhs.

In the case of APSCCF, the total number of members was 58 as on Janury 31st 1990. Thus the amount of entrance fee should be about Rs.580/-. The above amount of entrance fee is received by the societies at the time of the entry of the members. The following table indicates the position of entrance fee.

Table No. IX-2

The position of entrance fee added to the share capital at the time of the member's admission (as on Jauary 31st 1990).

Name of the society	Total No of members	Total Entrance Fee Rs	Total No. of Societies	Entrance fee per society Rs
Primary Stores @50 paise	5,92,083	2,96,041	1,109	267
Whole sale stores @Rs.10/-	1,88,272	18,82,720	31	60,733
A.P.S.C.C.F @Rs.10/-	58	580	4	145

Source: Data consolidated upon approximation, considering their strength.

The above table shows that the highest figure of entrance fee is in wholesale stores i.e. Rs.18.82 lakhs which is due to large membership. The rate of entrance fee is also levied @ Rs.10/- per member. In the case of APSCCF the figures show Rs.145 per society whereas primary society on an average reflects only Rs.267 per society, which is due to their small number of members per society.

(2) Share Capital:

The share capital of a consumer co-operative retail/whole sale society forms not only an important part of the working capital but is also an importnt indicator of its internal strength.

Primary Consumer Co-operative stores collect capital through share money, subscription, loans, subsidies, grant etc. No member can purchase more than 1/5th of the total share capital and so he cannot transfer his share to such a person who can not be legal member of the store. A store cannot take loan exceeding 8 times of the share money.

The Andhra Pradesh State Government in providing financial assistance has following sources: 1. Share participation by the state may be of Rs.2,500/- on matching basis (2) Regarding managerial subsdidy. The maximum of Rs 2000/- may be sanctioned, out of which Rs. 1,000/- will be given for the first year and Rs.650 and 350 for the succeeding year. (3) While registering the primary store, 500 share holders are expected to take shares at Rs.10/- for share.

The rules regarding share money are framed in different ways for different types of societies. Naturally, a store must have sufficient capital to operate successfully, but it

is not possible to find out the exact capital requirement of a store as they are relative and can be expressed in releation to the size of the stores.

However, the minimum share capital of a primary store should be Rs. 2,500 in the initial stage.

A store must have sufficient capital for creating and conducting an enterprise and also to prevent a cooperative store from becoming dependent upon outside sources for meeting its financial requirements. To meet these needs the capital is raised by the members themselves. No exact value of share has been mentioned under the Andhra Pradesh co-operative societies Act. But, it has been left at the discretion of the societies concerned. So far as the primary consumer stores are concerned, the value of share varies normally; it is between Rs.5/- to Rs.1/- under the byelaws. The table below, gives year-wise details of share capital of primary societies from 1970-71 to 1988-89 (Table IX-3).

From the above table it is clear that the paid up capital has increased from year to year. It may be mentioned that with the enactment of Public Distribution System (PDS) in Andhra Pradesh the amount of share capital has increased and this has been mainly through the Government participation. However, the minimum share capital

at the initial stage was kept at Rs. 2,500/- and an equal amount was contributed by the state.

In the case of wholesale stores the value of share is normally Rs.100/- each for individuals. The following table shows the position of stores:

TABLE IX - 3

Yearwise Position of wholesale store in Andhra Pradesh from 1970-71 to 1988-89 (Rs. in Lakhs)

Period	No. of Stores	Membership	Paid-up Capital	Working Capital
1970 - 71	757	270,840	63.54	206.97
1971 - 72	761	249,008	32.44	244.76
1972 - 73	773	257,877	34.76	257.77
1973 - 74	796	240,456	31.34	246.29
1974 - 75	820	272,114	38.55	283.11
1975 - 76	924	377,450	53.82	340.90
1976 - 77	924	355,736	91.72	386.38
1977 - 78	950	408,600	163.67	514.19
1978 - 79	951	392,393	177.99	483.18
1979 - 80	798	395.041	202.30	557.72
1980 - 81	1041	545,831	443.32	671.92
1981 - 82	697	320,518	145.34	485.11
1982 - 83	728	321,630	151.04	566.45
1983 - 84	722	316,206	154.35	535.46
1984 - 85	733	296,445	151.49	517.79
1985 - 86	1228	172,650	274.36	581.43
1986 - 87	1240	428,248	298.87	688.84
1987 - 88	1290	599,764	317.68	708.74
1988 - 89	1001	408,750	249.57	653.48

Data collected and compiled from the records of the Office of the Registrar, Co-operative Societies, Andhra Pradesh, Hyderabad

TABLE IX - 4

Yearwise Position of Primary Stores and Paid-up and Working Capital

(Rs. in Lakhs)

Period	No. of Stores	Total Membership	Paid-up Capital	Working Capital
1970 - 71	757	270,840	63.54	206.97
1971 - 72	761	249,008	32.44	244.76
1972 - 73	773	257,877	34.76	257.77
1973 - 74	796	240,456	31.34	246.29
1974 - 75	820	272,114	38.55	283.11
1975 - 76	924	377,450	53.82	340.90
1976 - 77	924	355,736	91.72	386.38
1977 - 78	950	408,600	163.67	514.19
1978 - 79	951	392,393	177.99	483.18
1979 - 80	798	395.041	202.30	557.72
1980 - 81	1041	545,831	443.32	671.92
1981 - 82	697	320,518	145.34	485.11
1982 - 83	728	321,630	151.04	566.45
1983 - 84	722	316,206	154.35	535.46
1984 - 85	733	296,445	151.49	517.79
1985 - 86	1228	172,650	274.36	581.43
1986 - 87	1240	428,248	298.87	688.84
1987 - 88	1290	599,764	317.68	708.74
1988 - 89	1001	408,750	249.57	653.48

Data Collected and compiled from the records of the Office of the Registrar, Co-operative Societies,Andhra Pradesh, Hyderabad

It is clear from the table that the paid up capital has increased from Rs.45.12 lakhs in 1970-71 to Rs.160.2 lakhs in 1984-85 and Rs. 345.84 lakhs in 1988-89. This is actually due to the Government participation. The Federation of the state, aiming at the coordinating function of wholesales, marketing and other consumer societies forms their share capaital from their member institutions and the Government. With the enactment of PDS in the state, APSCCF, as an apex institution among all other cooperative institutions has increased its business. The State Government has further contributed a huge amount in its share capital. Its membership has also increased from 35 in 1979-80 to 58 in 1988-89. Further, several Marketing societies have also been added to it by which the amount of working capital as well as paid up capital has increased.

The table No IX-5 below shows the position of membership, paid up capital, working capital and the participation of the State in the share capital of the APSCF (Fedcon).

TABLE IX - 5

Position of APSCCF from 1970-71 to 1988-89 (Rs In Lakhs)

Years	Membership	Total Share Capital	Government Share	Working Capital
1970 - 71	31	4.21	2.50	7.49
1971 - 72	31	7.29	15.50	11.49
1972 - 73	29	17.71	16.50	20.56
1973 - 74	30	20.52	18.34	25.94
1974 - 75	35	25.38	3.79	31.09
1975 - 76	35	33.17	7.79	43.17
1976 - 77	35	33.17	9.00	46.09
1977 - 78	35	31.47	9.00	55.53
1978 - 79	35	40.47	9.00	65.11
1979 - 80	35	48.87	40.00	108.76
1980 - 81	37	48.93	45.69	124.56
1981 - 82	39	49.02	45.69	123.95
1982 - 83	40	47.90	44.54	116.90
1983 - 84	39	47.93	44.54	117.48
1984 - 85	39	47.43	44.54	105.50
1985 - 86	39	49.43	44.54	107.75
1986 - 87	44	48.84	44.54	116.39
1987 - 88	50	49.11	44.54	199.67
1988 - 89	58	49.06	44.54	

It is evident from the above table that APSCCF has spread over its business in some new areas. The membership and working capital have increased along with paid up capital. The State Government has also invested fresh sums in APSCCF. The number of branches which were 3 upto 1975-76 has increased to 4 in 1984-85 but now in the year 1988-89 the total number of branches is 5. Due to absence of improvement in branches and for want of adequate capital, the progress of consumers' cooperative movement in Andhra Pradesh is much retarded. The following table (IX-6) gives the state wise position of share capital of the whole sale stores for 1983-84.

Table IX-6

Statewise position of share capital of whole sale stores for 1983-84

(Rs.in lacs)

States/U.T.s	No.of Stores	No.of branches	Membership Individuals	Share Capital		Working Capital	Total Sales
				Total	Govt		
Andhra Pradesh	19	141	86055	150	110	542	1192
Assam	22	67	37085	92	82	266	1629
Bihar	84	5	31630	86	N.A.	375	1266
Gujarat	29	86	104887	136	13	810	5131
Haryana	33	247	75979	196	185	333	1210
Himachal Pradesh	1	9	4615	22	21	N.A.	52
Jammu & Kashmir	6	15	4853	29	26	97	316
Karnataka	23	66	28313	192	139	442	2671
Kerala	11	299	25916	179	161	488	1711
Madhya Pradesh	43	237	56259	176	143	636	1957
Maharashtra	77	470	208160	330	170	1750	9500
Manipur	5	-	655	3	3	12	61
Meghalaya	1	3	103	11	11	14	46
Nagaland	5	3	375	9	7	14	27
Orissa	36	248	26410	143	122	580	1085
Punjab	16	122	121563	81	66	214	399
Rajasthan	27	236	86802	142	111	562	3158
Sikkim	1	-	344	3	2	5	9
Tamilnadu	29	998	739141	532	333	6830	18703
Tripura	1	6	892	57	56	420	671
Uttar Pradesh	60	573	165774	317	244	963	3436
West Bengal	28	171	19154	287	287	2244	5217
U.T.'s	15	214	815252	256	213	2209	6922
All India	590	4350	2660554	3417	2505	19813	66728

Source: Annual Report 1984-85 Ministry of Food and Civil Supplies Department of Civil Supplies - New Delhi 1985

It is clear from the table that the amount of share capital in Andhra Pradesh is satisfactory as compared to some of the other leading states of the country. However, the share capital of Andhra Pradesh for 1983-84 was Rs.150 lakhs which was less than that of about 9 states. The share capital in all States is more than that of Andhra Pradesh, except, Gujarat, Maharashtra, Karnataka, Tamil Nadu in 1982-83 and even in 83-84. In the case of primary societies, the share capital in Andhra Pradesh was Rs.154 lakhs. From the analysis of the above table it can be said that the share capaital of the whole sale stores has increased in Andhra Pradesh.

(3) Reserves and Funds:

The Act, rules and byelalws specifically mention about the formation of Reserves and funds. According to the byelaws, not less than 25% of the net profits of the stores shall be carried to the reserve fund.

Profits not allocated to other purposes such as Education fund, audit fees, bad debts, dividends etc., shall be carried to the reserve fund. All undispensable profits also shall be added to the reserve fund.

The reserve fund shall belong to the stores and is intended to meet unforeseen losses. It is indivisible and

no member shall have any claim to have a share in it. The amount from this fund should not be invested or deposited except in the manner outlined in Section 46 of the Andhra Pradesh cooperative Act.

On winding up of a store the reserve fund together with other funds shall be taken over by the liquidator who shall discharge the liabilities out of the assets for payment of debts, paid up capital etc.

The position of reserve funds maintained in the whoesale/central and primary stores in Andra Pradesh can be had from the following table IX-7.

TABLE IX - 7

Position of Reserve Funds maintained by whole sale Stores
(Rupees in Lakhs)

Years	Reserve Funds	Wholesale Stores
1970 - 71	56.71	14.68
1971 - 72	54.15	16.31
1972 - 73	51.34	38.86
1973 - 74	49.09	47.16
1974 - 75	49.80	59.46
1975 - 76	49.81	52.70
1976 - 77	43.24	40.23
1977 - 78	41.76	17.40
1978 - 79	48.29	50.29
1979 - 80	43.78	60.13
1980 - 81	43.78	46.83
1981 - 82	44.17	40.48
1982 - 83	53.17	37.16
1983 - 84	49.55	46.65
1984 - 85	49.64	48.17
1985 - 86	52.92	88.47
1986 - 87	53.39	101.52

From the above table, it is obvious that the over all contribution made to the reserve fund has increased. If the stores follow the rules regarding the maintenance of reserves they will be having sound financial strength. So, if should be seen that as per bye law, the amounts should be transferred to reserve funds from the profits.

The reserves of APSCCF which were only Rs.0.06 lakhs in the year 1970-71 have also increased to Rs.27.66 lakhs in the year 1986-87 as will be evident from the following table.(IX -8)

TABLE IX - 8

Position of Reserve Funds of APSCCF
(Rupees in Lakhs)

Years	Reserve Funds
1970 - 71	0.06
1971 - 72	0.06
1972 - 73	0.06
1973 - 74	0.06
1974 - 75	9.95
1975 - 76	12.07
1976 - 77	31.64
1977 - 78	20.00
1978 - 79	19.67
1979 - 80	17.24
1980 - 81	17.24
1981 - 82	17.50
1982 - 83	17.50
1983 - 84	18.25
1984 - 85	18.65
1985 - 86	27.78
1986 - 87	27.66
1987 - 88	27.66
1988 - 89	27.66

(4) Deposits

Besides share capital, the consumer cooperative stores in Andhra Pradesh also raise deposits from members as well as from non-members. The deposits have their advantages over outside borrowings. They strengthen internal resources of the store and also help in inculcating the habit of thrift among its members, and so stores have to pay less interest, on these deposits than on outside borrowings.

During our visits to some of the primary stores of Kurnool and Cuddapah districts, it was found that 55% of the primary stores have such type of deposits with them. Although their percentage as compared to their working capital is very small. Table No. IX-9 gives an idea of the deposits taken by primary as well as wholesale stores in Andhra Pradesh.

The wholesale stores as well as primary stores under the bye-laws can take time deposits, within a limit fixed and sanctioned by the general body and the Registrar of Cooperative Societies. Regarding interest on deposits the Board will fix the rate which will not be more than the limit fixed by the Registrar.[1]

1. Bye laws of the Societies as approved by the Registrar of the Cooperative Societies

TABLE IX-9

STATEMENT SHOWING POSITION OF DEPOSITS AND BORROWINGS MADE BY WHOLESALE / CENTRAL STORES
(Rupees in thousands)

Years	No. Of Stores	Deposits	Borrowings	
			Total	Government
1970-71	24	480	9410	4514
1971-72	24	645	11486	6222
1972-73	24	669	13156	6030
1973-74	29	2849	14418	6157
1974-75	36	2988	16593	6014
1975-76	44	3091	16404	6163
1976-77	93	1361	19618	6111
1977-78	37	1260	18044	6982
1978-79	30	829	21199	8228
1979-80	30	796	25691	7846
1980-81	30	3707	18117	5564
1981-82	19	748	12254	5215
1982-83	19	821	12297	5754
1983-84	19	1574	13365	5956
1984-85	20	2125	15629	5712
1985-86	31	4084	28431	9348
1986-87	31	4595	25138	8656
1987-88	31	5127	28242	9149
1988-89	31	5854	28879	9982

The above table reveals that the deposits made by the stores are progressing or rather increasing, but not to a satisfactory extent. Here, it will not be out of place to mention that regarding primary societies of the state, out of 1109 primary stores only few like Yemmiganur Primary Consumer cooperative stores have furnished their information properly. At the present rate of deposits by the members, it is doubtful if the customer stores will be able to attract the deposits from the members. It is true that these deposits ensure loyalty of members and a minimum business for the retail and wholesales stores of the state but this will be true only if the stores work satisfactorily. At the end of 1988-89, amounts of Rs. 26.82 lakhs,and Rs 58.84 lakhs are the deposits in primary Consumer stores and wholesales stores.

5. **Borrowings:**

If the internal resources of a society are found to be inadequate, the societies resort to borrowings. Normally, a limit of borrowings is fixed at five to ten times the paid up share capital, plus reserve fund. Usually the borrowings are made from the cooperative Banks in Andhra Pradesh (APCOB). Consumer stores do not get adequate finance from the cooperative banks because of their weak financial position. The Govt, under different schemes from time to time have provided financial assistance to these stores just

to make them viable units of the state. With the implementation of PDS, the central Government, Ministry of Agriculture and civil supplies and cooperation and also through the National Cooperative Development Cooperation (NCDC). The state Govt have launched schemes for financial assistence which are discussed in the other chapters. Since the financing has been a big problem, time and again, it has been reiterated that the Govt should offer financial assistance to the stores so that their borrowing capacity may increase. Further our enquiries at some of the primary and wholesale stores of Cuddapah District along with Super Bazar/ Vibhaga vikrayashalulu of Kurnool District have revealed that they suffered huge losses due to their wrong investment policies. It is observed that the main art and technique which have to be developed by those in charge of financial Management in cooperatives are :

1. There should be no borrowing for borrowing sake unless there is a firm demand for it from the constituents

2. Funds borrowed must not be kept in the form of idle cash and must be invested for productive purposes

3. Investment should be made on accepted patterns and procedures.

4. Investment of borrowed funds should be in such a way to coincide with the repayment schedule of borrowed funds, so that the commitments to the outside creditors may be made without any possibility of default on the due date [1]

1. Management of cooperative Enterprises by SK Sinha
Dr Saya NCCCT(NCUI) New Delhi July 1981 p 252

TABLE IX - 10

Particulars of borrowing by Primary store
(Rs. in Lakhs)

	Primary Stores	Wholesale Stores	
Years	Total Borrowings	Borrowings from Government	Other Borrowings
1970 - 71	6.09	3.37	2.72
1971 - 72	7.21	3.37	3.84
1972 - 73	5.91	3.37	2.54
1973 - 74	5.65	3.37	2.28
1974 - 75	3.28	2.92	0.36
1975 - 76	4.54	1.20	3.34
1976 - 77	7.30	1.20	6.10
1977 - 78	27.48	1.20	26.28
1978 - 79	53.59	1.20	52.39
1979 - 80	52.76	1.20	51.56
1980 - 81	66.27	1.20	65.02
1981 - 82	67.38	1.20	61.18
1982 - 83	60.45	1.20	59.34
1983 - 84	62.64	1.20	61.44
1984 - 85	49.32	1.20	48.04
1985 - 86	13.00	1.20	11.80
1986 - 87	82.88	1.20	81.68
1987 - 88	92.64	1.20	91.44

On the basis of the above table it may be stated that the primary societies borrowed funds from the Central agencies between 50% to 60% of their paid up capitals. It can be concluded that the primary consumer stores do not get adequate financial accommodation from the Central agencies because the financial position of the primary stores is generally weak. It may also be recorded that the financial position of the primary and wholesale stores of AP on an average is very weak. The APSCCF is therefore required to watch proper functioning of these stores with careful financial management.

Government Participation

The Govt has been providing heavy financial assitance to the consumer cooperative institutions in Andhra Pradesh so as to strengthen them and to take up uphill tasks of effective public distribution system (PDS) to the advantage of the weaker sections of the community. The forms of assistances given by the Government range from share capital to reservation of supply quota and guarantee for working capital loans etc. [1] A study of the share of the Govt in equity share capital of the Consumer Cooperative institutions reveals that the former has got a big share in this context and this share has been increasing gradually.

1. Report of the sub working group on consumer cooperation. Medium Term Plan - Government of India, Ministry of Commerce, Civil Supplies and cooperation,New Delhi, (1978-83) P- 11

Thus the Govt have a dominant role in the promotion of the consumer cooperative movement in Andhra Pradesh. The Govt have already invested large sums of money in consumer cooperatives, while Govt assistance may have to be continued for some time, it should aim at withdrawal and allow the movement to grow with its own strength [1].

The working capital requirements of consumer cooperatives need to be augmented. During the plan, having regard to the increased set up in the business activities of consumer cooperatives, for enabling the institutions to secure larger working capital loans from financial agencies at lower margin, the Govt. guarantee scheme may be continued in the plan.

In order to carryout this task properly, the society must be financially independent; the capital needed for carrying on business, must therefore as a matter of principle, be provided by the members. [2]

A deliberate policy of strengthening the consumer cooperative movement as a whole should be made so that the movement would draw up help from wholesales orgnisations, and the state federations. The Government should also stop

1. Report of the Regional seminar on shop planning and Management, Tokyo, Japan, ICA New Delhi May 7 23 1971 p.31.

2. K.F information from Swedish cooperative Union and Wholesale Society, Stockholm (Sweedun) Oct 1975, p 3

the practice of nominating on the Board of Directors or nominees on the managing committee of societies and should allow democratic setup and operate.

On the basis of the above analysis regarding the financial resources of the retail and wholesale store of A.P, it may be concluded that the financial base of the stores is generally weak. Most of the stores in Andhra Pradesh are dependant upon the participation of the State in their share capital. The stores have hardly made sound efforts to generate internal resources. Due to small number of members, the share capital, base of the stores also is weak. In order to enable the stores to have a sound financial base and a strong financial structure , stores must make effort to increase their membership. As a measure of building up share capital it may be said that members can subscribe share capital upto Rs.100 or more which can be made over a period of years. This will help to generate considerable internal resources.

In this connection it may be mentioned that in retail consumer co-operative of U.K and Sweden, individual members' share capital has been raised. The successful consumers movement of U.K and Sweden has their own banking system through which they are able to generate adequate resources.

However, the success of the entire consumer co-operative movement in A.P will depend upon the condition of the modern science of management both in the area of Finance and Personnel. For discussion, the next two chapters are devoted.

CONCLUSIONS AND SUGGESTIONS

1. Due to inadequate finance and improper management of finance, the consumer co-operative stores are in a unhappy condition. The most important need of the hour is to assess the financial capacity of the society at the end of every year before it becomes too late to rectify. For eg. If a society is without profit or does not earn much profit, thorough investigation should be made immediately. It should be seen whether the cost of management is disproportionately large or there is any deficiency in purchasing policy or the sales are not commensurate with the purchases.

2. Most of the byelaws were framed two or three decades ago and so the entrance fee, share capital etc. were fixed at that time. As the money value has gone down considerably and financial capacity of individuals has gone up very much, the desirability of enhancing these rates has to be considered. This will fetch much more income to every society.

3. Too much dependence on the Government and the banks is not an advisable trend for the societies. When the idea of co-operation was floated, the primary aim was to foster. habits of thrift among the members of Society without relying on the Government. This purpose is evidently defeated by recourse to borrowing from and deposits by non-members. When lakhs of rupees are saved by the public through many schemes, and ventures, the members of the societies can take a big lead in bringing their accumulated savings to their societies. This will prevent the societies from payment of exhorbitant interests to the banks.

4. Financial management has to be toned up. Inefficient financial management is prone to fiasco and will lead to loss of money through embezzlement, misappropriation /defalcation etc.

From 1981-82 to 1986-87, a total loss of about Rs.13 crores was incurrd by the APSCCF, wholesale and primary stores. This is an alarming situation.

5. Whenever loss is incurred, by the society, reason should be analysed, loopholes should be plugged and the area of transaction which suffered the setback should be detected. One cannot afford to lose anytime but investigation should start immediately and persons

responsible should be rounded up by placing them under suspension and taking criminal action lest they flee away. This, will create a fear in the members of the personnel which will act as a deterrent against such criminal acts.

6. If capital is locked up due to injudicious purchases, commodities purchased should be transferred to stores where such commodities are scarcely available so that the money spent in excess can be recovered.

7. It should be seen that new ventures of capital expenditure should not be embarked upon without adequate funds and proper sanction from the Board of Directors. The society should overcome the temptation to expend the profits for infructuous and avoidable expenditure.

8. Above all, integrity and honesty among the members should be inculcated and they should be taught that pilferage, misappropriation, defalcation etc are criminal acts which a decent society can ill afford to practice.

9. Efficient internal audit should be vigilant. Even audit by the office of the Registrar of co-operative societies should be given adequate respect by completion of accounts in time, by production of records to them promptly and by rectification of mistakes and error immediately.

10. According to the bye-laws of the Society, the reserves and reserve funds should be formed out of the profits of the year according to the percentage fixed. It should be seen that instructions relating to the bye-laws are strictly adhered to by the society and the amounts to be transferred to the reserve fund are correctly transferred.

11. As regards investments, it should be seen that only when there is a need, borrowing of money should be resorted to. As and when money is borrowed, it should be invested forthwith for productive purposes or according to accepted financial patterns and procedures so that repayment schedule of borrowed funds is simultaneously prepared in such a way that amounts may be repaid on the due dates without any default. Transgression of this financial principle will lead to accumulation of huge borrowings which will ultimately result in liquidation of the society.

" The cooperator is not a capitalist, nor a pamper, not a proletarian, not an exploiter. He is neither an employer, nor an employee. He is an enterpreneur of a particular kind, the builder of an enterprise, serving himself and his own needs. He is actually the creator of a new economic system. He is the builder of a new civilisation and a new world, based on mutuality, not antagonism, on mutual help, not mutual destruction".

Views of Yugoslavian cooperator quoted by Sri. R. S. Ware, Tamil Nadu. Journal of cooperation 11/69.

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CHAPTER X

FINANCIAL MANAGEMENT

Though financial stability is an important condition for the successful running of a consumer's cooperative; improper and inadequate management of the finances there of will bring incalculable damage to the organisation.It is true that the objective of financial management is to earn the maximum profit for the business but it is not the only aim because side by side the services to the community and to the State is an integral part of the organisational functioning. A great responsibility is laid on the financial management to see that the credibility of the undertaking is maintained in such a way that the organisation is saved from insolvency and any financial crisis. It all therefore depends on the financial manager who is vested with the responsibility of safegaurding the interests of the organisation.

One of the salient qualities of a financial manager is dynamism. A man of dynamic personality can give life to the organisation without whose leadership, it is impossible to run the undertaking on sound financial lines. The success of the business depends on the quality and efficiency of the manager. The very survival of the institution relies on the performance of the management especially in a competitive economy. For a long time, it was believed that the

principles of management apply only to private enterprises but very soon it was found that enterprises run by public sectors also cannot ignore those principles. So also in respect of cooperative business, principles of management are very much applicable and also useful. It is now generally accepted that a cooperative is both an association and an enterprise, comprising an ethical content with a business structure and business activites. [1]. Cooperatives in these days perform many economic functions along with the adoption of a system of financial management under which the requirements of their members are fulfilled in accordance with the fiscal compulsions.

Thus, profit alone cannot be the only motive of the enterprise. The main objective of the financial management is to have consciousness in ensuring economy and efficiency in the existing context of technology and business techniques. In consumer cooperatives too, considerable degree of efficiency and economy can be achieved provided the principles of financial management are meticulously observed. In order to get adequate returns to cover the cost of borrowings and to make available a fair margin to meet the operational costs, reserve requirements etc, the funds should be utilised in a most judicious way, and this

1. Cooperative management and administration: International labour organisation, Geneva, 1965 PP211-212

can be achieved only by suitable financial management in a consumer co-operative society. No transactions in a co-operative store is without any financial implications and for the effécient functioning of the business, a sound system of management of finance is absolutly essential. Any failure on the part of financial management will result in mismanagement leading to serious repercussions on the over all prosperity of the business. A few visits to the consumer stores have convinced that various consumer co-operatives enterprises of the State of Andhra Pradesh have hardly considered the financial functions for the achievements of maximum results. In view of these results, there is an urgent need to have a well managed financial function for the maximum achievement of the business objectives at a minimum cost.

In Andhra Pradesh, the growth of consumer stores has been dependent largely on aid stimulations and on the direction from the Government, Which, in general opinion, has hindered the real progress of consumer stores and members' participations. For this purpose proper planning is very essential. The consumer stores should determine the funds out side borrowings and then find out the resources to attract the out side borrowings. It should be ascertained as to what the planned needs are and then the funds of the store are allocated and adequately utilised accordingly.

For this, a system of financial control should be evolved for allocation of funds and their various uses. The consumer cooperatives in Andhra Pradesh have to make long term as well as short term plans after conducting necessary feasibility studies so as to enable them to achieve rapid growth of distribution of goods to the consumers. If the cooperative department is considered by the Government as the implementing authority by taking the responsibility of preparing the plan for determination of priorities, the actual implementing authorities, namely, the concerned institution will be totally ignorant of the process.

The next step of financial planning will be in the field of production. The consumer stores in Andhra Pradesh are generally not undertaking production. Whenever the function of production is undertaken, the work load, raw materails, working capital, investment etc have to be estimated for the whole year. One important financial function is to analyse the financial results of various operations and to give suggestions for future operations. Such an analysis will be very helpful to furnish the findings before the chief executive and the management. Thus a sound financial plan constitutes a blue print of action for the enterprise: it is not a mere exercise involving estimation of needs and supply of finances for various schemes but a study to determine the set of schemes

and the costs and benefits of such schemes which could be adopted in other centres also. The consumer's cooperatives in Andhra Pradesh are far from this type of sound functioning.

When we say, financial functions, they mainly include (a) Management of assests and (b) Management of liabilities. In consumer stores, management of expenses and operating costs is another additional feature. Every activity undertaken within the enterprise involves financial implications and it is, therefore, desirabe to determine in advance the economies of all activities undertaken and proposed to be undertaken by the enterprise. Except Andhra Pradesh state consumer's cooperative Federation (APSCCF), the other wholesale stores and the primary stores do not adopt financial functions properly.

ASSETS AND LIABILITIES - MANAGEMENT

The Management of assets refers to the arrangement of various assets and progressive increase of a business without loss to the enterprise. All assets may not generate incremental income. For example, cash in hand or cash in current account of the bank which represents an item of assets does not yield any income. So the cash which is required for each month should be worked out. A cash budget should be prepared in order to control and make proper use

of the cash. The difference between the receipt of cash by way of sales and the estimated expenses has to be assesed and the periodical requirement of cash for the purpose of total working capital required can be worked out.

Statements showing the inflow and outflow should be prepared,based on which daily cash requirements can be assessed. In the cooperative store, the chief Executive or the Manager is responsible for provision at all times of stock merchandise suitably assorted to satisfy the normal needs of members. If sufficient quantity of goods is not stocked, consumers will be dissatisfied and the morale of the business will considerably go down. Another important function of the management is to take proper care of stock-in-trade so that shortages are minimised. It shoud be seen that losses due to leakage, shrinkage, wastage, deterioration, attacks by vermin etc are kept as low as possible. The management of a consumer stores should shoulder this responsibility as it is the custodian of the financial interests of those who have constituted the society. Hence the funds should be utilised always for the maximum benefits of the enterprise.

It is the responsibility of the Manager to stop all avoidable, unnecessary, wasteful and infructuous expenditure. It is by the careful management of the financial resources that an enterprise can achieve good

financial results. Unless he has a firm grip over day today finance of the organisation, he cannot do full justice to his responsibility. He should strike a balance between overall efficiency of the business and its financial economy; as otherwise, economy will be affected at the expense of efficiency. For a sucessful functioning of the Consumer Cooperatives in Andhra Pradesh, a well balanced and well planned approach towards procuring finances and their utilisation to the best possible advantages of the organisation should be adopted by the management.

As regards liabilities, the position is diffferent. The management of liabilities consists of share capital reserves and reserve funds and borrowings, both internal and external. This quantum of owned capital is determined in advance to undertake the functions properly. Without adequate capital, an enterprise cannot function and in the absence of funds, it has to depend upon outside sources. In consumer's cooperatives, the capital is, as far as possible raised by the members themselves. In Andhra Pradesh the share capital raised from the members usually formsbulk of the working capital but the State participation into Share Capital of the stores has also made a big part of the working capital.[1]

1.Report of the Seminar of Shop Planning and Management. Tokyo May 7-23 1971. ICA Publication New Delhi.

In the initial stage, the minimum share capital of the primary stores was kept at Rs 2500/- and an equal amount was to be contributed by the State Govt. Thus the stores may have Rs 5000/- to start with, which may enable it to compete with the local trader.

The Natesan Committee (1960)[1] expressed that " the stores in India are rickety organsations. Their main difficulties are inadequate Share Capital. To ensure this a primary store should have Share Capital of Rs 5000/- and the annual business turnover of Rs 1,00,000 with a membership fee of Rs.250. A whole sale store should have a share capital of Rs 50,000 with a working capital of Rs. 2 lakhs and a membership of about 100 primary stores and a business turnover of Rs 12 lakhs annually. An apex store should have a Share Capital of Rs 1,00,000 as working capital with about 5,00,000 membership and about 200 primary stores, with an annual turnover of Rs 30,00,000".

With reference to this aspect, the financial management can not afford to be indifferent. It should be seen as to how much share capital has to be raised and how much has to be borrowed and when should be borrowed.

1. Consumer's Co-operative movement in India by S.K.Onel, Meerut 1972 p. 75-76.

On what conditions the money should be borrowed is also another important aspect to be considered by the management of liabilities.

What exactly should be the share capital in consumer stores which belongs to the members cannot be fixed in a general way. Based on experience, the share capiital has to be estimated by taking into account the return on capital in the form of dividends. At the same time, the cooperative principles by which the dividends have to be determined cannot be ignored. Experience will show the approximate annual profits and the amount of share capital can be estimated accordingly.

Under reserve and reserve funds, provision has to be made by the management keeping in view the requirements of the stores under different purposes like bad and doubtful debts, reserve, depreciation reserve, dividend equalisation fund, statutory fund etc. A reserve fund maintained by a society shall belong to the society and is maintained to meet unforeseen losses. No member shall have any claim to share in it. In Andhra Pradesh, a society may invest or deposit its funds which are not immediately required for the business of the society in accordance with Andhra Pradesh Cooperative Act, provided that when the reserve fund of a society exceeds 20% of its working capital the excess may, with the sanction of the Registrar be utilised in the

business of the society.

The capital as a liability for the business should ensure a return on the capital in consumer stores and also a reasonable dividend on the capital invested in profitable channels. A study of the various consumer stores has given the impression that in Andhra Pradesh a very few cooperatives are now in a position to pay adequate dividends. The State Govt and individuals are the shareholders/members but most of the whole sale stores are not in a position to pay dividends. Very few whole sale stores/Central stores and Andhra Pradesh State consumers Cooperative Federation are able to pay dividends. The APSCCF has given purchase bonus to their purchasers from 1970-71. Many stores are not able to pay dividend because (a) The Cooperatives are not able to attain viability. If the business operations are not adequate, the cooperatives cannot but eat away their own capital and (b) there is no control over expenditure in most of the primary or secondary stores in Andhra pradesh. There are some stores where the expenses were incurred even when there was no business at all. Even the salaries of the accountant and rents were paid out of capital and subsequently they closed down the business.

The following table shows the sales, working expenses and the percentages, of both whole sale and primary stores.

TABLE X - 1

STATEMENT OF WORKING EXPENSES AND THEIR PERCENTAGE TO SALES OF PRIMARY STORES / WHOLESALE STORES

(Rs. in Thousands)

Years	Primary Stores			Wholesale Stores		
	Total Sales	Working Expenses	%age of Working Expenses	Total Sales	Working Expenses	% age of Working Expenses
1981 - 82	221650	17393	7.8	94553	3848	4.0
1982 - 83	242953	12567	5.1	101809	6646	6.5
1983 - 84	198811	12315	6.2	119268	6756	5.6
1984 - 85	201473	7965	3.9	128168	7537	5.8
1985 - 86	235940	10829	4.5	216182	12519	5.7
1986 - 87	227097	11086	4.8	207716	11979	5.7
1987 - 88	689581	14475	2.0	231705	12869	5.5
1988 - 89	600936	12792	2.1	276985	13075	4.7

Source: Compliled and calculated from the office of the Registrar of Co-operative Societies. Andhra Pradesh, Hyderabad

From the table, it can see seen that the cost of management of both primary stores and whole sale stores/super bazars was on the high side. Especially when the stores were not earning profits, cost of management should have been reduced.

A study of the records relating to primary stores and whole sale/Central stores in Andhra Pradesh has revealed that the percentage of working expenses compared to the sales has been on the high side. Although cooperatives are not formed with a profit motive, incurring continuous losses is not a healthy sign. Management of capital and reserve requires a most judicious and profitable use of the resources so as to ensure a steady income to the cooperative stores. Both retail and whole sale consumer stores obtain their external borrowings from a cooperative bank or the State Government and in a few cases from secondary or apex institutions. The margin between the cost of borrowings and the receipt on the investments of borrowed funds constitutes the profit of the cooperative.

The Public distribution system introduced by the Govt of India has enabled the whole sale stores and the lead societies to have the facilities of credit limit from the cooperative banks for the procurement of commodities. The management should particularly see that these borrowed funds

are properly utilised and invested in such a way that the commitments to the outside creditors may be made without any possibility of default on the due date.

Another aspect to be borne in mind by the financial management is the budgetary and inventory control, Modern techniques of inventory control have to be applied in consumer cooperatives. Budget is an estimated plan prepared and accepted by the management to control the future financial procedure and action. In the budget, estimated income with details of sources from which it is expected and estimated expenditure with details of heads of account under which expenditure to be incurred will be furnished at the commencement of the financial year. An intelligent framing of the budget will furnish the salient objectives of the institution and thereby it serves as a guide for the control of financial management.

Following details will give an idea of the areas where the control is to be exercised in a consumer cooperative society. [1]

(a) Sales and forecasting

(b) Purchase fore casting

1. Seminar on appraisal of modern technique in audit of cooperative societies- - March 8th to 9th 1976. Cooperative Training College Poona P.5

(c) Inventory management and control

(d) Selling and distribution costs.

(e) Management and administrative costs.

(f) Cash Budget.

While forecasting, the sales aspects such as customers' demands and number of customers to be served, assortment of goods and seasonal assortment are to be considered. Based on the past experience, the society will be able to know the types of goods in demand and the sales budget will furnish an idea regarding commodities to be sold and their expected volume of sales in each month. Purchase of goods should be made with reference to the actual sales. The management should also see at this stage the turnover of various commodities and thus can come to a conclusion about the taste and demand of the customers.

Control of stock is also an important part of the discipline of inventory management. Periodical stock verification with reference to the invoice and bills cannot be ignored especially in a consumer cooperative, Where commodities of various varieties come in and flow out in large quantities. Some of the important aspects to be taken into account in the case of retailing operation of a cooperative store in relation to the subject of management of inventory are given below.

(a) Initial stock taking, ordering,buying and receiving

(b) Returning and pricing

(c) Price marking, storage and control of stock

(d) Physical inventory and (e) leakage

If these factors are borne in mind, the efficiency in management of inventory can be maintained with reasonable standard.

Expenses which can be directly related to costs for selling and distribution come under selling and distribution cost. They include direct and indirect expenses for establishment and management of sales. Some of the direct expenses are salary and wage of staff, rent of shop and taxes, electricity expenses, sales promotion expenses and any other direct expenses.

Examples of indirect expenses are,advertisement expenses, salary, commission and expenses for selling agent, depreciation and shortages and pilferages.

If a society has more than one store, monthly budget of each store may be prepared and consolidated for the purpose of the main budget.

Administrative and management expenses relate exclusively to office expenses such as travelling allowances of Directors, salary and allowances of Managing Directors,

remuneration of members, expenses for the meetings, seminars, conferences etc, audit fees, salaries and allowances of office staff, postage, expenses for telegram and telephone, stationery and other office expenses, interest on loans and deposits, bank charges, entertainment and legal charges, depreciation on properties etc.

These expenses can be approximately estimated for a month and then for a year. After working out the functional budgets in respect of sales, purchases, selling and distribution charges and management expenses, the requirement for actual cash in each month can be worked out. The difference between the receipt of cash by way of sales and the estimated expenses including periodical requirements of cash for the purpose of total working capital required should be worked out.

The consumer co-oerative stores of Andhra Pradesh have not adhered to the principles of financial management. A study of the working of the primary stores has revealed that most of them have failed or become defunct due to mismanagement. Out of 1267 registered Primary societies, only 239 are running on profit while 419 are running on loss, of the remaining 609 societies either they have not furnished the requisite information to the office of the Registrar, co-operative societies or they have become

defunct due to unsound financial management. Thus only about 19% of the primary societies are working in a proper way.

Though the State Government is rendering much financial assistance, the consumer co-opeatives in Andhra Pradesh are not exhibiting all round progress. May be due to improper financial planning and management, the co-operatives are unable to earn appreciable profits. Even if they can avoid losses, it will be a creditable achievement and for this, modern techniques of financial management have to be adopted by these co-operatives. It is,therefore, absolutely necessary that every consumer store, whether small or big, has to come within the overall purview of financial management. A thorough supervision over the stores only will ensure the financial viability; otherwise it is impossible to assess their profitability and to avoid losses or failures. It is true that the present plight of the consumer stores in Andhra Pradesh is caused by various reasons but an efficient and able financial management will go a long way in improving the existing situation.

Conclusions and suggestions

A study of the financial management of the consumers stores of Andhra Pradesh in respect of the APSCC Federation, whole sale stores/ super bazars and Primary consumers'

stores has revealed the real financial position of these cooperative institutions. Some salient features are set forth below.

1. Eventhough profit motive is not the sole purpose of establishng consumer stores in State,district and primary levels, continuous incurring of losses by the stores is not to be encouraged. During 1986-87, the profit earning capacity of the primary consumer stores is indicated below.

1986-87

Number of primary consumer stores		1240
Number of stores already dormant		556
		Amount
Number of stores running on profit	292	Rs.31,89,000
Number of stores running on loss	377	Rs.72,12,000
Number of stores without profit	571	
	1240	

Thus out of 1240 stores only 292 stores were running on profit, 556 stores have already become dormant 571 stores have not earned any profit at all. In respect of those 377 stores which incurred losses, the amount of loss was Rs.72,12,000, In respect of whole sale stores/super bazars also the position is not happy as show below.

1986-87

Total number of stores	31	
Number of stores on profits	7	Amount Rs, 8,31,000
Number of stores on losses	24	Rs,1,30,83,000
	31	

Even those seven stores earning profits, the amount earned was only Rs. 8,31,000 whereas the 24 stores incurred losses to the extent of Rs 1,30,83,000. The profits were eclipsed by the losses and it is not sure whether the losses can be paired off at any distant future. Losses are accumulated year after year and if the situation is not checked, the stores have to go into liquidation.

In the case of Andhra Pradesh state consumer's Cooperative Federation for 1986-87,the loss was reported as Rs. 44,89,000. This is an alarming position. Unless the financial management is toned up, the future of these consumer stores at the three levels is very gloomy.

2. According to the bye-laws of the consumers' stores a definite rate of percentage of profits should be transferred to the Reserve funds. When the stores are running on losses, the question of transfer of profits to reserve funds does not arise. That is why, in respect of many stores, the reserve fund is not operated at all. Even in the case of stores where there are profits, if the financial management is not careful enough to transfer the

prescribed amount to the reserve fund, it will affect the financial position of the society. There is much violation of this principle.

5. Borrowings are meant for utilisation of funds for productive purposes. In consumer stores, the main purpose is to procure commodities and sell them to vulnerable secions. Amounts should be borrowed only when there is a need to procure goods and for sale. But if borrowings are made for construction of buildings or for other unproductive purposes without finding means to pay the interest, the result will be recourse to spend money from capital resources. Without proper planning for payment of interest and the capital borrowed, no amount should be borrowed. It is the responsibility of the financial management to see that borrowings are made very judiciously.

4. Reasons for losses should be analysed immediately after the loss is detected. Some of the reasons for the losses are

(i) injudicious purchases resulting in piling up of goods and subsequent deterioration

(ii) payment of interest unnecessarily for the amounts raised by borrowings made or deposits taken without actual need.

(iii) pilferage of commodities

(iv) mis-appropriation/defalcation of money.

(v) failure to take weekly inventories giving scope for falsification of accounts.

(vi) loss of materials in transit.

(vii) dishonesty of members of staff.

(viii) inefficiency of financial management,

(ix) interference by political personalities for their selfish ends.

(x) Short collection of share capital from members necessitating resort to borrowings or deposits at high rate of interest(.

It measures are taken carefully to avoid losses in the light of reasons given above. the consumers'stores in Andhra Pradesh will have bright future.

" A man is both producer and a Consumer ..... consumers' cooperation aims at eliminating the middle men who charge some profit at every stage and as a result, prices of articles become higher than what the producer gets. Prices come down if direct contact between producers and consumers is possible, which helps elimination of middlemen. But this is not possible if consumers make their purchase individually. If they purchase jointly this is possible and when they do so, it is called consumers' cooperation"

Cooperative Movement in India J. Banerjee P.246.

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CHAPTER - XI

PERSONNEL MANAGEMENT

Introduction:

Personnel management is that part of management function which is primarily concerned with the human relationships within an organisation whose objective is to enable those who are engaged in the undertaking to make their personal contribution to the effective working of that undertaking. According to Peter and F Drucker, personnel management is the orderly way of fitting people into organisation structures, which include such things as job description, appraisal, wage and salary administration and also human relations. [1]

A sound Personnel Management policy strives to maximise the mobilisation of skills and talents so as to place the right man on the right job. The personnel Manager aims at efficiency and efficiency does not mean extreme effort but elimination of undesirable effort and waste of all kinds by standardising effort and reward. It is that part of management which is concerned with people at work and with their relationship within an enterprise. Personnel management aims to achieve both efficiency and

1. Management Talks, Responsibilities, Practices, Bombay 1975.

justice. It seeks to provide fair terms and conditions of employment and satisfactory work for those who are employed.[1]

The objectives of personnel management are primarily three:

a) Maintenance of good relationships within an organisation.
b) Motivating the individual employees to contribute his/her best in the achievement of institutional goals and
c) Taking steps for employees' welfare in the organisation.

If personnel is to be interested in improving productivity, it is not enough to expect them to be so, for purely patriotic reasons. They will naturally say "What is our share going to be[2] ? Thus the personnel management embraces all duties and functions that pertain to the initiation of an enterprise, its finance, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organisation under which the enterprise is to operate and the selection of principal officers. Personnel management in cooperation is not simply equal to the introduction of some welfare arrangements, benefiting the staff. It is much

1. Personnel management in India compiled by Indian Institute of Personnel Management Bombay. 1961 P 234

2. Third Manual of cooperative management systems for consumers cooperative NCCF of India (Consultancy and promotional Cell) New Delhi, November 1977. P 17.

more than such petty demonstrations of kindness but, sound personnel policies are required to be established. A cooperative enterprise stands by the quality of the personnel it employs, for an organisation is not different from the people who operate it. Their enthusiasm, efficiency and loyalty determine the success or failure. The functions of personnel management therefore, assume importance in any enterprise and no organisation big or small, can ignore or neglect this aspect of management. May be a small organisation cannot afford to have a separate department to deal with personnel matters, but there must be some functionary to handle personnel matters.[1] Competent personnel are required for each position, especially for key positions. The control procedure should ensure that the selection, placement, training, promotion, and development of people, particularly executive is planned and executed with imaginative attention.[2]

The importance of personnel management has been stressed in different reports, conferences and seminars. It is widely recognised by now, that the human resources have unique position in any enterprise. However, cooperatives have yet to

1. Consumers' cooperative movement in India. An appraisal,ICA publication, New Delhi 1971 - P 163.

2. The Essence of Management by Mery Cushing Nites, Bombay 1956.

fully recognise this fundamental truth. [1]Conceptually speaking, consumer cooperatives are expected to be ideal employers adopting dynamic and modern personnel management practices. Of the various areas of management in the consumers' cooperative, the experience shows that the management of human resources is perhaps most neglected in Andhra Pradesh and the concept of personnel management is yet to take shape in the consumer cooperative movement. The peculiar business and the managerial four tier structure tending towards two-tier stvacture of consumer cooperative enterprises call for such pattern of Personnel management in Andhra Pradesh as would adopt itself with peculiarities of cooperative enterprise. Historically speaking, consumer cooperative were introduced in the country as well as the state of Andhra Pradesh for the betterment of socio-economic conditions of the weaker sections of the community at the initiative of the Government. Therefore, the Government have assumed larger responsibility of nourishing consumer cooperatives through active assistance in various forms including managerial assistance.[2] A system of sending Governement officers on deputation to manage the consumer cooperatives has been evolved. However, in relation to managerial efficiency, the consumer cooperatives are expected to adopt the same norms as in the case of business units in

1. Dubhashi, P. R. Strategy of cooperative development and other essays, New Delhi 1970. P - 53.

2. Report of the National workshop in cooperative sector, NCUI, New Delhi, February 10-11 PP 2-3.

other sectors, since they have to operate in a competitive market. In other words, Consumer cooperatives, as business units, are to operate independently and compete the market. Since the consumer cooperative in Andhra Pradesh are setup for obtaining goods and services at cheaper rates, such enterprises may purely be distributive agency where goods are procured from other agencies. In federal organisational structure of consumer cooperatives in Andhra Pradesh, while the primary societies are economically weak, the units at district, state and even national level are quite strong. This sort of difference in business and economic strength has influenced the personnel policies to a great extent.

The guiding point in such enterprises is that, the sale price should be so reasonable as will attract larger volume of transactions and increased profits . Frequently, it is alleged that the establishment cost and wage bill in such societies prompt them to fix sale price which may not be competitive in the market. Therefore attention of the management of these consumer societies is directed to reduce establishment cost either by paying relatively less to the employees or understaffing.

There is no uniformity of service conditions even within this organisational structure. Apart from peculiar business complexion of consumer cooperative enterprises that have

inhabited the growth of sound personnel management policies, the lack of efficient personnel organisation at enterprise level is another factor responsible for this problem. The fact is collaborated by a study of selected Cooperatives undertaken by the V.M. National Institution of Cooperative Management, Poone nearly 20 years ago. The study observed the absence of personnel management in the cooperative enterprises.

VARIOUS ASPECTS

The personnel mangement in consumer's cooperatives in Andhra Pradesh encompasses the following aspects:-

a) Man-power planning and staffing
b) Recruitment, selection, induction and training,
c) Promotion and incentives
d) Wage and Salary management and allowances,
e) Motivation of employees,
f) Employees' welfare programme,
g) Grievance redressal system,
h) Union management relations.

A detailed discussion of these aspects is given:

a) Man-power planning and staffing.:- Qualified and trained man-power is an absolute necessity for running the business. Then only the store can earn reputation and prestige. For that there should be man-power planning cell.

There is no much planning cell in Andhra Pradesh which could take the stock of this problem either at the apex level or primary level. Even the co-operative department has not been able to do much in this regard. The matters which relate to man-power planning are organisational set up, Job analysis, Job description, work organisation, personnel budgetting, career development, promotion and job evaluation. In consumer stores of Andhra Pradesh, the man-power planning is not adopted and the result is inadequate planning and budgetting. The easy availability of personnel from the open market for lower positions and from the Government for Managerial positions may be the reason for the lukewarm attitude.

The basis of man-power planning in an organisation should be made on business forecast. It is therefore emphasised that before consumer co-operative in Andhra Pradesh makes an attempt in man-power planning, the management should prepare a long term as well as a short term business plan, giving therein the estimates of sales for the next five years. Once this has been attempted it could then be used to determine the number of employees required on the basis of norms of sales turnover per man per day.[1] The Andhra Pradesh SCCF and few selected

1. Report of the Seminar on Personnel Management Practices in Super bazars in India. January,18-23,1971. VM National Institute of Cooperative Management. Poona pp.12-13

wholesale/central stores should undertake this practice. Some concrete steps that could be suggested for personnel planning in the consumer co-operative institutions in A.P. are as follows :-

1. Man-power forecasting and planning for the consumer co-operatives.
2. Career development planning for various categories of co-operative employees.
3. Preparation of skills inventory for different sectors and individual institutions to serve as a basis for personnel planning.
4. Organising programmes for the training and development of personnel at different levels. [1]

While analysing the constraints which have come in the way of consumer co-operatives, The National workshop on employer - employees relationship in co-operative sector, 1977, recommended that manpower planning in big cooperative enterprises having 100 employees or more may be taken up by their own personnel organisation and in the case of small co-operative enterprises the task may be entrusted to their federal organisations. In A.P, it is suggested that A.P.SCCF may take up man-power planning function by its own personnel organisation.

1. Proceedings-Cooperative leaders'conference,Vijnan Bhavan NCUI, New Delhi - December, 22-23 1976, p 93

Staffing :- In Andhra Pradesh there are three cadres of employees.

a) Lower level

b) Middle level

c) Senior level

At present many of the stores are manned by deputationists from the co-operative department. The Government officers may be sometimes be deputed on adhoc basis without taking into account their suitability and aptitude for that work. During the course of our enquiry it has been revealed that there is much need for improving the system of management, even in the case of institutions having men on deputation from the Government Department. The present tendency in A.P. is to encourage the stores to recruit their own staff without depending much upon the Government employees.

The consumer co-operatives in A.P have to improve their personnel policies and adopt modern management techniques. They have to improve the quality and quantity of services for which they must work to its full capacity and for achieving the above goals. Minimum costs should be kept in view under a strict budgetory control. No consumer co-operative institution can be successful, if it is run on the lines of a Government Department.

In A.P there is a convention appointing departmental officers as administrators of central/wholesale stores wherever the management of such stores has been superseded. It may be stated that the state of affairs has gone from bad to worse and the administrators have never felt the sense of accountability and responsibility towards the shareholders and the wholesale stores. Further, apart from these considerations the existence of deputationists in wholesale stores reacts adversely on the morale of the existing employees whose promotional prospects and avenues are sealed because of an outsider, being at the helm of affairs with no permanent links with them. The deputationists do not have intrinsic interests in the institution. The other employees too do not give in their best as they feel they are made to work under an outsider, and thus the whole co-operative programme suffers. The system of posting Government officers in stores should be completely done away with . This could be possible only when scheme for building up a common cadre for co-operative personnel is put into actual implementation. The consumer co-operatives in A.P. are thus really handicapped. Efficient and effective discharge of the functions and objectives of consumer co-operatives institutions depends mainly on the availability of qualified and trained personnel with these institutions. Incompetence,

inefficiency and ineffectiveness on the part of the personnel employed by a co-operative may ultimately lead to its failure. Therefore, a cadre of qualified and trained personnel is required to be created at the apex, secondary and primary level which is a matter of greatest importance. No doubt, if competent and efficient people are found to manage cooperative undertakings at different levels in A.P and they are given freedom to take decisions, there will be great improvement. The All India Rural Credit Review Committee had expressed the opinion that a common cadre within the Cooperative sector may improve the managerial efficiency of cooperatives institutions. The Mirdha Committee, while putting the idea of common cadre in actual operation was of the opinion that the cooperatives would gain much in efficiency of Management and intergration of the movement.[1] The various other committees also recommended for creation of a common cadre of personnel for the cooperative institutions.

(b) Recruitment, Selection, Induction and Training

After the manpower planning is made, a recruitment policy should be drawn up. Then the sales turnover should be tabulated for a few years and estimates of sales for the coming years should be made. Based on the need, recruitment policy should be framed in order to attract talented persons

of integrity. It is generally agreed that a proper recruitment policy is essential for the success of consumer cooperatives in A.P. The following five methods of frame-work were evolved in the National Workshop Employer - Employee relationship in cooperative sector NCVI on February 10-11 1977. These can be introduced in A.P. as well.[2]

1. Institution itself recruiting its own staff as per service conditions prescribed by it.

2. Panel authority constituted for the recruitment of chief executives,

3 Centralised cadre authorities constituted at the level of the State Sector federation for recruiting and maintaining the cadres of Key Personnel for their constituent units.

4. Cooperative Institutional service board,

5. Establishment of Cooperative cadre.

Following are the three modes of recruitment generally adopted in consumer cooperative in Andhra Pradesh.

(A) Direct recruitment

(B) Promotion and

(C) Taking persons on deputation from the Government or from other cooperative societies.

1. Sinha and Sinha, Management of Cooperative Enterprises, National Committee for Cooperative Training (NCCT) National Cooperative Union of India, New Delhi. July 1987 pp 184-185.
2. Report of the National Workshop - Employer Employee relationships in cooperative sector, NCUI, New Delhi, February 10-11 ,1977, P 9.

There are two kinds of personnel in cooperative enterprise:-

(i) Supervisory and (ii) Non-Supervisory categories, while cadres, have been classified into three heads, viz, senior level, middle level and lower level. Adoption of various modes of recruitment depends on the category of Personnel. For cooperative institutional services, selection is made by Andhra Pradesh Public Service Commission. (Selection Board).

The scope of the control of service board should be so designed that the recruitment and selection of specified Key personnel such as clerks, peons etc. falls under the purview of concerned cooperative units. The service conditions may have to specify the categories of the posts which will be covered for recruitment under the purview of the Commission and the posts which will be filled up at enterprise level.

In A.P on the basis of requisition demand from the Societies,the institutional service selction Board acts on the selection process just like public service commission. (APPSC)

Except direct selection, the service Board also acts upon the promotion, selection appeals etc, in the state. A few of the wholesale stores or departmental store (Super Bazars) have, however, adopted some better practices with

regard to the matter of recruitment and have even in a few cases conducted induction . The recruitment of employees in most of the primary stores and also in the whole sale stores of the state of A.P on adhoc basis results in enrolment of unqualified and unsuitable hands. Although some qualifications are laid down, they being general in nature are not much helpful to the appointing authority. During survey of different stores in A.P it was found that only in a few cases the posts were advertised in papers. The qualifications prescribed, were being changed,in some of the stores, selections were made on the recommendation of the Chairman and Directors[1]. In consumer stores the power of appointment is generally provided to the President/ Secretary of the management committee. This means that in addition to APPSC the chief Executive and other authorities are given power to make selection and appointment of certain categories of personnel, subject to adoption of the prescribed selection procedure.

The seminar for the chairman of wholesales and departmental stores held at V.M. National Institute of Cooperative Management was of the view that the service rules should provide for probation period particularly for those persons who are appointed as against regular

1. Rudra Basavraj M.N. Personnel Administration practices in India V.M. National Institute of cooperative Management. Poona. 1969 p 469

vacancies. The concerned person should be confirmed in that post only after successful completion of the probation period. Every cooperative employee before joining must be required to furnish medical fitness certificate from the civil surgeon or Medical officer of the Government Hospital [1]. Generally, in A.P, the Govt Service rules are applicable to the cooperative employees' stores and in wholesales/central stores (super bazars) of Cuddapah and other districts also it was found that part time accountants were appointed . Lack of experienced and trained staff has been the main factor responsible for the weak-links in the co-operative set up . It is clear from the above account that consumer co-operatives in A.P. are rather small in size and the need for organised recruitment of personnel is great. The atmosphere in the consumer stores is very informal and as the societies are very small in size the induction process is very much informal too.

Training

The developments regarding training took place in India after the implementation of recommendations of Mr. M.L. Darling.

He formulated a scheme in 1935 for providing training facilities for official and non-official members of the

1. Seminar for the chairmen of wholesales and departmental stores held at V.M. National Institute of Cooperative Management. Pune. March 12-15 1969.pp 2-3.

societies.[1] This scheme envisaged assistance from the Govt of India to provincial Govt for a purpose. The provincial Govts were to draw up programme for the implementation. The training under this seheme was divided in to three stages. In 1945 the co-operative planning committee reviewed the arrangements relating to co-operative training and found them lacking in uniformity and adequacy. The committee made a number of valuable suggestions about teaching of co-operation in schools and colleges.[2] Having regard to the growing need for the expansion of the co-operative movement, the Reserve Bank of India and the central Govt jointly constituted a Central Committee for co-operative training in 1953. It was called upon to formulate plans and organise the training of personnel at all levels. This committee approved an integrated scheme. In pursuance of this, an expanded course for senior officers was started at Poona with effect from June 1954 for training of Intermediate Staff. Five Regional Training Centres at Madras, Poona, Ranchi, Meerut and Indore were established and for Block Level Co-operative Officers, 8 centres were established in India and one such centre at Rajendranagar, HYDERABAD in Andhra Pradesh.[3] The Committee for co-operative training

1. Hajela, T.N.principles, problems and practice of cooperation; Agra,1973, p 475.

2. Report of the Co-operative Planning Committee 1964 p.174

3. Cooperative Efforts - Cooperative Training College, Rajendranagar, Hyderabad A.P p.91

developed a co-operative research and training centre at Poona as a full-fledged V.M.National Institute of Co-operative Management. The Committee, classified training into (i) Higher (ii) Intermediate (iii) and subordinate categories. In 1960 Government of India setup a study team to examine the existing arrangements for co-operative education and training.

The Central Institute of Management of Consumer Business, which was set up by the Government of India in 1964, was also handed over in 1966 to the committee for co-operative training. Both the institutes have since been merged into the newly organised Vakunth Mehta National Institute of Co-operative Management at Poona.[1] As a result of recommendations to decentralise and de-officialise the work of co-operative training and education, responsibility was transferred to the National Co-operative Union of India.

The study team, among others, suggested the constitution of a National Board of Co-operative Training with a broad based membership to replace the control committee for co-operative training. This and other recommendations were considered in the conference of Ministers of Co-operation and valuable decisions were taken by the Government.

1. Modi R.D. Theory, history and practice of co-operative Meerut 1979. p.433.

A net-work of training institutions has been established by the committee for co-operative training. The net-work comprises three tier-structure. At the Apex level the N.C.U.I. and below are the State Co-operative Unions and the District Co-operative Unions[1]. The implementation of the programme of training and education is the responsibility of the N.C.U.I. at National Level. It has set up a special committee on "member education" to guide the member education programme and the basic training and orientation of instructors.

In Andhra Pradesh Co-operative Training programme has been divided into three stages viz.

1. Training arrangements for higher officers.
2. Training of Intermediate Staff.
3. Training of Subordinate co-operative personnel.

Training to the higher officers, consisting of Registrars, Joint and Deputy Registrars and Ist Class Departmental Gazzetted Officers falls under the Ist category.

1. Practice and profession, published in the co-operation Vol VIII July 1970. N.C.U.I. NEW DELHI p.13

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There are short term courses which are generally conducted by NCUI. The V.M National Institute of Cooperative Management also conducts training and research in cooperative problems. In the Cooperative Training College at Rajendranagar in A.P., several courses are being conducted. It is run by NCCT, New Delhi. There is a training for 24 weeks teaching.

i) Cooperative Principles, History and development

ii) Cooperative accounts and audit

iii) Cooperative laws and

iv) Cooperative management and Secretariat practice

This training is followed by six weeks of practical training. The college has introduced 12 weeks of training for Cooperative Management and Handloom Cooperative movement [1]. It is the main course intended for the intermediate categories. These centres conduct researches and ease studies and provide consultancy service also.

The following Table XI-1 shows the Diploma courses and Higher diploma courses in operation for 1987-88 in the Cooperative Training College, Rajendranagar, Hyderabad.

1. A note paper, Cooperative Training College, Rajendranagar Hyderabad, 1977.

Table XI - 1

Showing the Diploma Courses and Higher Diploma Courses

	Name of the course	Duration	Capacity	Date of Commencement	Closing
1.	Diploma Course in Consumers' Cooperative Management	3 Months	19 members	19-1-1976	11-4-1976
2.	Higher Diploma	36 weeks	40	11-8-1976	23-3-1988

Source : Records of Cooperative Training College, Hyderabad

The table above reveals that much emphasis is not made regarding purchases, sales, budgetting,accounting etc. During 1975-76, one diploma course for 3 months was conducted for consumers' cooperatives. Afterwards, the course was transferred to Bangalore.

There is a training course for Junior category of personnel at the following six cooperative Training Centres.

a) Cooperative Training Centre, Rajahmundry

b) Cooperative Training Centre, Vijayawada

c) Cooperative Training Centre, Anantapur

d) Cooperative Training Centre, Hyderabad

e) Cooperative Training Centre, Warangal

f) Cooperative Training Centre, Prodattur

In these centres the A.P Cooperative Union conducts courses of various studies. 43 Educational Lecturers, two each at district level, are serving under the control of three Regional Cooperative Education Programme Officers. Under this scheme, members, future members, office bearers, secretaries, accountants etc are being taught about their duties and responsibilities along with detailed rules and working methods. They also hold camps, competition of essays and debates, seminars, study circles and study tours.

The following table shows the progress of cooperative education programme during 1985-86.

Table XI- 2 Showing Cooperative Education Programme for 1985-86

Classes of course	Total No of camps to be conducted	No.of Candidates to be trained	No.of campus conducted	No. of candidates trained
Depart-mental candidates	1680	-	1680	
Future members	-	4,723	-	4,723
Members	-	30,296	-	30,296
Accountants) Secretaries)	-	2,446	-	2,446
Total	1680	37,465	1680	37,465

During 1985-86, several Junior category sessions and short term courses were conducted in all the six Training Centres referred to above. The following table shows the Centre-wise details of these sessions and courses.

Table XI-3 showing sessions of courses in Training Centres during 1985-86.

Name of the Training Centre	No.of Junior category sessions	No.of short term Courses/sessions	Total
Rajahmundry	115	46	161
Vijayawada	80	96	176
Anantapur	52	21	73
Hyderabad	60	18	78
Warangal	79	15	94
Prodattur	24	37	61
Total	410	233	643

Thus 643 Courses and Sessions were, held during 1985-86 in all the training centres.

The Govt-of Andhra Pradesh transferred the management of the Central Cooperative Institute to the Andhra Pradesh State Cooperative Union in 1967[1]. It was organised by a Committee with five members. This Institute had conducted cooperative management courses and examinations were

1. GOMS. No. 1307 of 30-6-1967, Food and Agriculture (Cooperative Deptt.,S).

conducted in 22 centres during 1986-87 at District Headquarters. Details of the subjects and other details of the examination are given in Table XI-4.

Table XI-4 Showing the Subjects and number of candidates appeared for the examination for 1986-87

Subjects	Number of Candidates Applied	Appeared	Passed
Cooperation	152	118	54
Auditing	86	77	52
Banking	144	125	38
Book keeping and Cooperative Management	85	71	21

Source : Collected from the APS Cooperative Union, Gunfoundry, Hyderabad

It is seen from the above that not many took advantage of these examinations, perhaps, due to lack of much publicity and awareness.

c) Promotion and incentives

If promotional avenues do not exist, many may not join the cooperatives. In a report of the NCUI [1], the following instructions were issued.

1. Report of the National Workshop - Employer- Employee relationship in Cooperative Sector, NCUI, New Delhi Feb 10,11, 1977 P 51.

a) For Primary consumer stores, 50% of the posts should be filled up through promotions.

b) For State Federation and above, 50% posts may be to be filled up through recruitment and 50% through promotion.

c) In Federal Units, 40% posts should go to the promotees from within the unit and 60% to the employees listed in the integrated seniority and gradation list of employees of affiliated units. But, Seniority, merit and performance of the candidates should not be ignored.

In order to attract the people to the consumer stores, additional facilities such as gratuity, medical aid, credit facility, incentive pay etc should be given. Managerial cadre also requires rapid development by preparing a roster of managers so that they may be appointed to the stores when vacancy arises.[1] Productivity and incentives should be given much importance.

d) Wages and Salary management

To build up the image of the organisation, wages and salary management is an important factor. As far as possible, the pay structure should be comparable to public and private sector undertakings and civil services. There should not be much disparity. It should be seen that the

1. Arvindaxan R. Consumer Cooperatives in the Republic of Philippines. ICA New Delhi Feb - 1971, P.62

employee is able to maintain a reasonable standard of living and to work with highest degree of integrity and honesty. There should be a minimum wage for all employees. Within a particular organisational structure, various categories of jobs should be equalised by selection grade scales as adopted in Govt departments and should also be introduced in cooperative stores.

In Govt departments, employees are entitled to several allowances such as, dearness allowance, City compensatory allowance, house rent allowance, travelling allowance etc. Apart from these allowance, go-down allowances are also admissible to them. In all fairness, cooperative employees also may be granted all these allowances so as to ensure efficiency, integrity and honesty among the employees.

(e) Motivation of employees

In order to attract and retain well qualified and efficient staff in keeping with the remunerations for identical types of jobs in private sector, basic pay and allowances will be the right type of motivation.[1] Facilities for staff during working hours, monetary incentive system of reward for good work, issue of appreciation certificates maintenance of employees' morale etc will be very useful for motivating the staff.

[1] Report on the seminar on personnel management practices in super bazars in India. V.M National Institute of Cooperative management. Pune, January 1971.

(f) Employees' Welfare Programme

Due regard to the welfare of the employees should be given by adopting welfare schemes for motivating them towards higher productivity so that material benefits will act an incentive for efficient work and integrity[1]. The following measures deserve consideration.

(1) Provision of better working conditions through recreation, canteens, creehe, free coffee and tea, meals, uniforms etc[2]

(2) Housing facilities including house building advances

(3) Provision of consumer cooperative stores,fair price shops,thrift and credit societies.

(4) Transportation facilities by giving loans for vehicles

(5) Establishment of schools,libraries, sports, games and hospital facilities.

(6) Grant of educational concessions.

(7) Provision of old age pension, Provident Fund,benevolent funds,etc.

(8) Grant of Jobs to the member of the family in the event of death of the employee while in service.

1. Study report- Possibility of involvement of cooperatives in social welfare activities, National Coop. Union of India New Delhi,1978 PP.6-7

2. Narbasse J.P. Cooperative Democracy. New York, 1947.

(g) Grievance redressal system.

A grievance is a complaint which has been formally presented to the management. When ever the employees express their grievances,the management should be sympathetic towards them. The managing committee or staff committee should hear the grievances. For this, there should be awareness on the part of the management about the grievances. There should be also an effective channel of communication within the enterprise. Timely settlement of grievances should be done at the enterprise level by mutual negotiation and consultations. This will avoid strikes, lock out etc.

(h) Union- Management relations

Maintenance of healthy relationship between the Management and the Unions is an important requisite for the success of the consumer stores. The cooperative stores management should recognise the importance of trade unions and the later also should realise the potentiality of coopertive movement. There should be mutual respect for each other and disputes should be settled in cordial atmosphere without precipitating crises. If settlement is not possible, voluntary arbitration has to be attempted but in any case resort to labour court or tribunal etc should be avoided.

Apart from these considerations on financial and personnel management, there is another important aspect closely allied to the success of the consumer cooperative stores and that is, systematic scrutiny of the accounts and transactions. This aspect is dealt with in the next chapter, Audit.

Issues and Suggestions

First of all, a Common Cadre for Institute types of cooperatives has to be prepared. The need for incorporating the same in the statutory provision showing the parts, manner of recruitment, conditions of employment etc has to be considered.

Secondly, adequate training courses for consumer cooperatives should be conducted. Duration of training classes at present, is short and this has to be extended.

Thirdly, there should be adequate provision for ventilating the greivances of the employees by the management.

Fourthly, the relationship between the management and the employees should be cordial.

Fifthly, the management should consider giving incentives to the employees for the meritorias service.

Sixthly, staff councils should be constituted so that the grievances can be presented by the employees.

"The customer of a retail shop keeper whether in rural or urban areas, demands better evidence of the cheapness or efficiency of the service of a cooperative store before he can be induced to join it as active loyal member".

'Towards a Cooperative Socialist Commonwealth' by V.L Mehta.

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CHAPTER - XII

AUDIT

Cooperative audit has been defined as not only an examination of accounts, but also an enquiry into the affairs of the Society in order to ascertain the correctness of accounts and the extent to which the activities of the Society were useful in promoting the economic welfare of its members through the satisfaction of their needs in accordance with the co-operative principles.[1] Audit aims at checking the account and books of business in such a manner that the report submitted thereon reflects its correct condition and progress. Audit involves a systematic examination of the financial transactions of a business as recorded in its books, which will enable the Auditor to satisfy himself, whether or not the balance sheet has been drawn up properly so as to exhibit a true and correct view of the state of affairs of an enterprise.

Definition : The word 'Audit' is derived from the Latin word 'Audire' meaning 'to hear'. By another definition, according to Spicer and Pegler, audit is 'such an examination of the books, accounts and vouchers of a business as will enable the auditor to satisfy himself that

1. Krishnaswamy S.R. The Principles and practice of Cooperative audit, Madras, 1962. p.121

the balance sheet is properly drawn up so as to give a true and fair view of the state of affairs of the business and whether the profit and loss account gives a true and fair view of profit or loss for the financial period according to the books of his information and the explanation given to him as shown by the books and is not in what respect he is not satisfied.[1] Audit is very much linked with co-operation, so much so, that the German Co-operative Act of 1889 made audit statutory for co-operation.[2]

In ordinary audit, routine checking of the financial accuracy is stressed; but in Co-operative audit the scrutiny is more comprehensive than ordinary audit. If means a critical examination of the books and documents maintained by the institution and hence it involves the scrutiny of the financial statements. It certifies the fairness of the amount of profit as shown by the profit and loss account and the fairness of the financial position as depicted by the balance sheet of the society[3].

Kinds of audit There are two kinds of audit -financial audit and method audit, other wise known as the cost audit.

1. B.N. Tandon A handbook of practical auditing. Published by S. Chandra & Company, New Delhi.1976. p.12

2. Year book of agriculture Co-operation 1958 p 914

3. S.N Vaidya, A paper for seminar subnitted in March 1976 - V.M National Institute of Cooperative Management, Poona.

Matters relating to missing vouchers, missing of any other receipts, incomplete details in vouchers, unauthorised expenditure irregularity in finance accounts, etc come under financial audit. Irregularities, when located will be detailed in the form of a report stating the objections of the auditor.

Cost audit is an audit of cost accounts. There are two dimensions involved in it.

(a) Systematic enquiry into the cost accounting procedure .

(b) Determining conformity of the costing policy and cost accouning procedures. It aims at systematic investigation and appraisal of procedures and operations for the purpose of determining conformity with the prescribed criteria. Promotion of development process is an important aim of cost audit. In cost audit an attempt is made to find out the economic aspect of the management areas. Through cost audit, cost consciousness and profit motivation are projected. Briefly stated, cost audit is a powerful control device that can be used for improving the efficiency of the enterprise and its utility of the organisation workers, consumers and the community at large[1].

It is the responsibility of the audit to ensure that it has carried out the requirements of law governing the

1. Kamath G.S. Cost audit in cooperative audit published in NCDC Vol II, December 1977 p.20

working of the cooperative Societies and also to see that the society has functioned on sound financial lines. As the aim of the cooperative society is mainly social and moral advancement of the members, an auditor of a cooperative consumer store does not merely verify that the accounts of a store are arithmetically correct but also to see that a store is conducting its business on Co-operative principles. Audit means not merely the preparation of the balance sheet of Societies but also a sufficient check of material assets of the members.[2]

Objectives

Before examining the audit set up in Andhra Pradesh it is worthwhile to see all the important objectives of Co-operative audit as accepted by the recognised authorities on the subject. Some of the important objectives are:-

(a) to ascertain the correctness of accounts and also to ensure the fulfilment of the objectives of the stores.

(b) to detect frauds and errors and their prvention.

(c) to ensure that the affairs of the Co-operative society are carried on in accordance with the Co-operative principles without violating the provisions of the Act or byelaws.

1. Maclagan Committee Report 1915, Cooperation in India S.S. Mathur, Agra, 1975 p.575

(d) to assess the extent to which the economic condition of members in particular and stores in general have improved because of the assistance provided by the organisation, including the Co-operatives.[1]

The importance of audit has considerably been enhanced due to absence of adequate and right type of personnel emerging from the public to lead the consumer's Co-operative movement. Most of the members of the consumers' Co-operative Societies are ignorant of the rules and laws of the society. Many are not well versed with the financial principles of the consumer stores. Hence there is every likelihood of misleading the members by the unscrupulous staff of the stores and thereby making the Societies liable for losses and even winding up of the stores.

It is in this content that there should be requisite provision for adequate and systematic audit to scrutinise the accounts of the stores. Further, wherever handling of money is involved, the temptation is much for swindling because the human mind is such that it always has a tendency to deceive. That is why, much precaution and vigilance are required in conducting the affairs of the society. The Maclagan Committee (1915) also emphasised that

1. Cooperative Management and Administration, 1960 International Labour Organisation

to ensure successful management, nothing is more important than constant and vigilant scrutiny of accounts and examination of the general management through the agency of both Registrar's staff and Co-operative institutions themselves.[1]

Thus functions of audit are so relevant and significant, that the Indian Co-operative Act prescribed that auditing of the accounts of the societies through the authorised auditors at least once in a year is the responsibility of the Registrar of the Co-operative Societies of the State. In Andhra Pradesh, the audit of accounts of the Societies is headed by the Chief Auditor who will work under the general superintendence and control of the Registrar of the Co-operative Societies.[2]

It is interesting to note that in foreign countries as in Germany, even the statutory duties of an auditor of a Co-operative institution have been so enlarged as to include investigation of the economic state and management of the business. in Germany, the Co-operative audit, in fact, begins only after the completion of audit in the narrower sense of verifying the books of accounts. In Switzerland the Co-operative audit should, not only guarantee sound

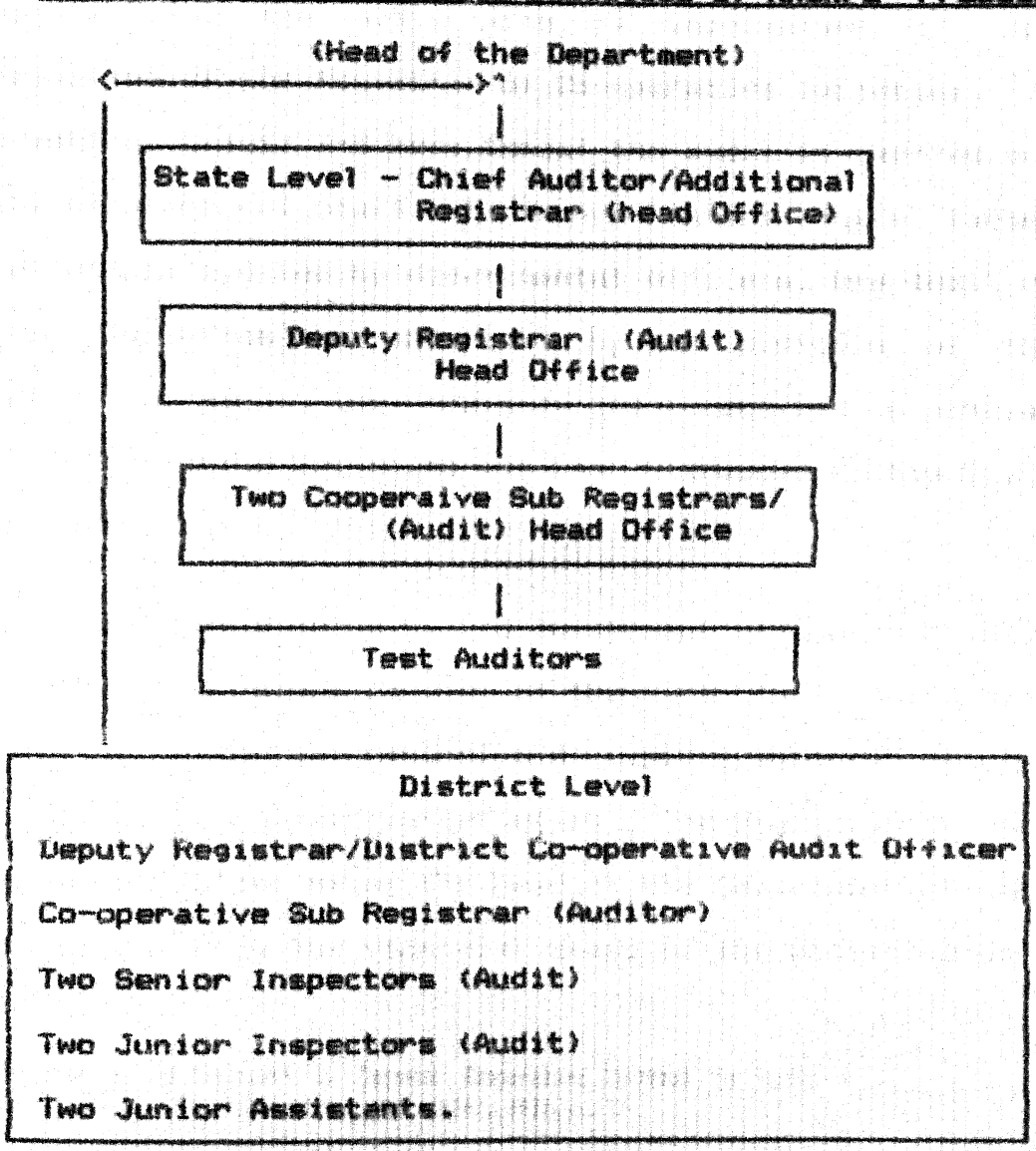
1. Report of the committee on Co-operative organisation B.O.S. 1915 pp.55,56
2. Kamal Kumar - Law of Co-operative Societies in A.P.1982 p54.

business lines, but also show the statutory principles of Co-operation, ie, mutual help, devotion and idealism are zealously practised. In Sweden, they have gone one step further by requiring the district auditor to examine the management of the society from a professional and Co-operative point of view and to give valuable suggestions for financial improvement. During his visits he is required to inform the Board of the Society of his findings as a result of the scrutiny[1]. In respect of each society, the audit department maintains a 'Statistical Card ' in which all figures of major importance are entered as extracted from the annual report of the district auditors.

In the present set up, in majority of the States in India, the audit wing is supervised by the Registrar of the Co-operative Societies of the respective states. In Andhra Pradesh, in respect of audit of Co-operatives, there is a Chief Auditor of the cadre of Additional Registrar who works under the general superintendence and control of the Registrar. He wil be in the Head Office at Hyderabad. Under him, there is a Deputy Registrar of Co-operatives with non-gazetted supporting staff. There will be two Co-operative Sub-Registrars/Test Auditors in the Head Office.

1. The Auditing system of the Swedish Co-operative Movement - an article by Erik Wingard, ICA,publication, New Delhi p.8.

At the District level, there is one Deputy Registrar/District Co-operative Audit Officer under whom there is one Co-operative sub-Registrar, two senior Inspectors, two Junior Inspectors and one or two Junior Assistants. The set up of the Co-operative Department (Audit) is indicated in the following chart.



The pattern of staff of the audit wing in other States is somewhat different. In Uttar Pradesh, the Finance Department of the Government is responsible for the audit of the Co-operative Societies[1]. But in Haryana, the Chief Auditor within the Co-operative Department is independent of the Registrar of Co-operative Societies. In Punjab and in Karnataka also the audit wing is independent of the Jurisdiction of the Registrar of Co-operative Societies. In Maharashtra, Orissa and West Bengal, the audit is carried out by the departmental staff. In Madhya Pradesh, while larger Societies are audited by departmental officers, the audit of smaller Societies is undertaken by the auditors of the society. In Assam, the audit of the recognised panchayat level Co-operative Societies has been entrusted to the State Co-operative Union.

The pattern adopted by the Government of Andhra Pradesh appears to be sound in view of the fact that the Chief Auditor is under the control and superintendence of the Registrar of Co-operative Societies. The Registrar of Co-operative Societies being the Head of the Department of Co-operation can know the financial trend of the Societies only

1. Arvidson R and Bandapani S. Consumer Cooperative Movement in India - An appraisal, ICA Publication, New Delhi, 1971. p.177

if the audit wing is placed under his supervision. This results in coordination, control and efficiency.

The Committee on Co-operative administration[1], 1963 divided the audit of Co-operative Societies into four types, They are Concurrent Audit, Internal Audit, Final Audit and Test Audit.

1. Report of the Committee on Co-operative Administration, 1963. P59.

Concurrent audit is running audit in which the auditors are engaged continously throughout the year. As and when expenditure is incurred, audit is simultaneously conducted and the propriety of expenditure is ensured then and there itself. Only in big Societies, this is desirable and useful.

Final audit is the audit wherein the transactions of the whole year are subject to scrutiny after preparing the balance sheet to find out the profit and loss of the society, whereas the Test Audit consists of checking the work of the auditor by selecting a particular society. For eg. the work of the Inspector will be checked by the Co-operative Sub-Registrar, the work of the Sub-Registrar will be test checked by the District Co-operative Audit Officer. The Test audit is conducted on a percentage basis, the selection of society being kept normally confidential.

The Mehta Committee on Co-operative administration recommended that the Statutory responsibility for conducting audit should be that of the Registrar of Co-operative Societies so that proper and effective co-ordination between executive and audit function is maintained which is very essential for over all management efficiency of Co-operative institution. Mirdha committee on Co-operation expressed a different view and recommended separation of audit function from the Registrar of Co-operative Societies. This

recommendation was based on the fact that the officers of the department still manage the affairs of the Co-operative Societies. Further, audit was entrusted to the Registrar in the initial stages. Now with the growing diversification the executive has assumed greater responsibilities and hence, the existing procedure of entrustment of the audit wing to the Chief Auditor is the only alternative for the impartial and independent functioning of audit. Further in rare cases, the officers of the department are holding the charge of the Co-operative Societies.

INTERNAL AUDIT

Internal audit is one of the important constituents of internal check system for better management of Co-operative store. It acts as an aid to the Statutory audit. The main function of the internal audit is to help the management in implementing the policy decision taken by them. It also furnishes feed back information to the management so that they can take appropriate action. The internal audit aims at checking frauds and errors in the financial transaction and ensuring a co-ordinated decision at enterprise level. In some States, the Department of Co-operation has issued directions for exploring the possibility of introducing internal audit. In Andhra Pradesh too, in large Co-operative stores, internal audit is advisable for the efficient management of the consumer stores.

Management audit also has become one of the requirements in these days in view of the growing business complexities within the Co-operative enterprise and organisation of large scale business concerns at State and national level. In a very limited way only such an audit is introduced in Co-operatives. The main difficulties in the implementation of the system are:

a) Lack of professionally qualified accountants in cooperatives.

b) High cost of enforcing the system.

c) Lack of initiative by the Department/Co-operative Institution.

If the Co-operative consumer stores are to achieve the highest standards of efficiency, they must be manned with professional experts in various fields[1]. The concept of management audit being of recent origin, it has yet to be implemented in all enterprises of Co-operation.

Mangagement audit is the appraisal of managerial performance through the entire process of working of institutions. The utility and profitability of business enterprises mostly depend upon the decisions and actions of

1. Indian Consumer Co-operator, Vol IV. September 1977. National Consumer Co-operative Federation of India New Delhi. P.10

the management to which such work is entrusted. Some of the important management functions of a consumer Society are:

1. Financial management (ii) Production and purchasing management (iii) sales management (iv) personnel management (v) Budgetory control.

While discharging all the above functions the management has to carry out the responsibilities. In a Co-operative enterprise, it is the duty of the management committee to set the goals guided by the resolutions in general body meetings. The management audit watches whether or not the affairs of the management are conducted efficiently and the concerned officers have shouldered the necessary responsibilities. Some of the important points to be seen at the time of management audit are:

a) Whether proper inventory was taken and whether the stock was properly accounted for

b) Whether purchases were made in time and at competitive rates

c) Whether sales could be achieved according to estimates in quantity and value.

d) Whether actions to promote sales of different commodities were taken in time.

e) Whether reasons for the downward trend in sales were assessed in time.

ARREARS IN AUDIT According to section 50 of the Andhra Pradesh Co-operative Societies Act 1964, the accounts of the registered societies have to be audited once in a year. An audit certificate to this effect with such particulars as may be prescribed should be issued by the department before the end of the succeeding co-operative year. Such an audit shall primarily cover an examination of the debt overdue, verification of cash balances and securities and valuation of the assets and liablities of the society. The audit shall be completed within a period of six months from the close of the cooperative year of the registered society concerned. The cooperative year ends on 30th June of the year, but the date has now been changed into 31st March of the year as the closing date. Some societies still continue to have 30th June of the year.

In actual practice it is not found possible in Andhra Pradesh to complete the audit within the prescribed time and hence audit is in arrears in respect of many societies. As per a latest report of April 1990, of about 800 societies to be audited, hardly 450 societies could be audited and so the remaining societies are still to be audited. Reasons for not completing the audit are furnished below.

The most important reason for the non-completion of audit is non-production of the records by the societies.

The records are not produced to auditors as they may not be available with them. In some cases, they might have been filed in courts in connection with cases of litigation or due to other reasons. It is quite possible that the records are destroyed due to fire accidents or cyclones or due to some other losses. There are some cases, where the accounts are not written up even aftr the close of Co-operative year. It may be due to inadequate staff or inexperienced staff or due to lack of efficiency in management. There may be some cases where the societies refuse to render accounts when the auditors visit them. Such cases arise when the societies entertain fear of detection of misappropriation or defalcation. After several years of persuasion and follow up work, the department has no other alternative than to close the society.

Another reason for the non-completion of audit is inadequate staff in the Department. Though the number of societies is increasing every year, there has not been proportionate increase of staff in the department.

MODE OF AUDIT

When a society is due for audit, the audit drafts a programme for audit and allots that society to an auditor according to the work load. There is no prescribed load at present fixed by the Deptt. Some are allotted to the Senior

or Junior Inspectors. Some are allotted to the Cooperative Sub-Registrars and some to Dy. Registrar of Cooperatives / District cooperative Audit officers. When sufficient Govt auditors are not available, retired cooperative officers and Chartered Accountants are also appointed to conduct the audit. The auditor himself will elicit required information from the books and files of the society. He will then prepare Audit Report and furnish it to his higher officer who scrutinizes its correctness and if he is satisfied, he will issue a certificate on its correctness. The Audit report with the certificate will then be sent to the concerned society and the administrative office over it for its information and rectification of defects, if any, pointed out in the Audit Report. The society should rectify the defects and send the rectification report to the concerned administrative officer.

During the course of the audit, if cases of fraud, misappropriation/defalcation are detected, the auditor sends a special report on which a statutory enquiry will be ordered by the administrative officer concerned and on the basis of the report, necessary civil or criminal action against the accused will be taken by the administrative officer.

The progress of audit is assessed by the audit wing in the office of the Registrar of Cooperative societies at Hyderabad by collecting district-wise information such as total number of societies, books not available, the number of societies programmed for audit, the number of societies taken up as per audit programme, the number of societies where audit is completed, the number of reports received in the District office, the number of audit certificate issued by DCAO, progress of clearance of backlog etc. Through this report the entire position of audit for the whole state will be known to the Chief Auditor.

Maintenance of Accounts of Society: Section 55A of AP Cooperative Societies Act 1964 requires that a society is bound to keep and maintain accounts relating to the society and produce them to audit. If such accounts and books are not maintained, the Registrar may direct the person who is responsible to maintain them to bring them uptodate. If he fails to comply with the directives, the Registrar may suspend him for such period as he may consider necessary.

During the course of audit, if it is found that a servant of the society has committed misappropriation or breach of trust or offence, the Registrar shall place him under suspension for such date and for such period as may be specified by him. The committee of the society shall accordingly, suspend him.

In the course of audit if it is proved that a person entrusted with the responsibility in the society has misappropriated or fraudulently retained any money or has been guilty of breach of trust or has any deficiency in the assets of the society by breach of trust or wilful negligence or has made any payment contrary to the bye-laws, the Registrar or any person authorised by him in this behalf, may make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Deptt considers just.[1]

Audit Certificate: To enable the Chief Auditor to issue the audit certificate, every Society shall prepare for each cooperative year and submit to the Registar, the following statements :

a) a statement showing the receipts and disbursements for the year.

b) a profit and loss account

c) a balance sheet

d) Such other statement or return as may be specified by him

After auditing the accounts of the Society the Chief Auditor or his authorised person shall on receipt these statements issue an audit certificate which shall contain the following particulars:

1. Section 60 of AP Cooperative Societies Act, 1964.

a) Name of the Society and the period covered by audit.

b) name of the person who audited the accounts for the period.

c) Statment of receipts and disbursements

d) the profit and loss account

e) assets and liabilities of the society.

f) a statement showing the debts, overdues and

g) a certificate of verification of the cash balance and securities.

The audit certificate shall also indicate :

a) the Share capital of the society at the beginning and at the end of the cooperative year.

b) the loans issued and outstanding against members

c) the deposits and borrowings of the society.

d) the amounts to be set apart for statutory reserve fund or other reserves.

e) the net profits earned or net loss sustained by the society.

f) The classification in which the society under audit is placed.

g) the amount payable by it towards audit or other costs at the end of the year [1]

1. Rule 45 of AP Cooperative Societies Rules 1964

Audit Fees[1]

Every society, including a society under winding up, shall pay to the Govt of Andhra Pradesh, a fee for the audit of its accounts for each cooperative year at the rates prescribed below:

		Rs.
i)	Andhra Pradesh state Cooperative Consumers' Federation	50,000
ii)	All other Apex cooperatives	15,000
iii)	Primary cooperative stores societies which have turn over at Rs. 5,00,000	3,500
iv)	Taluk level cooperative super bazars Mahila cooperative stores/societies, primary cooperative stores cocieties which have turn over at Rs.1,00,000	1,000
v)	Taluk level cooperative super bazars Mahila cooperative stores societies which have a turnover at below 1 lakh	500

The fees payable by a society as indicated above shall be paid into the nearest Government Treasury within two months from the date on which audit certificate for the year is issued. The Govt of AP may, by general or special order, and for reasons to be recorded therein, exempt any society or any class of societies from the payment of the whole or any part of the fees payable under this rule for any year or other specified period.

Conclusions and Suggestions

From what is stated above, the following conclusions are drawn and a few suggestions are given.

1. There are arears in audit due to various reasons as mentioned above. Unless the societies are manned by efficient and honest executives, it is difficult to appreciate the spirit of audit.

2. Compliance to the remarks of audit by consumer societies is very important and is to be watched diligently. With heavy load of work at district level, follow up work is much hindered. Adequate staff only will be able to meet the situation.

3. There does not seem to be any prescribed load fixed by the department for various categories of societies for purposes of audit. When the transaction of a society is much, the person who has to audit its accounts has to be selected for a higher cadre. The desirability of fixation of a norm in this respect has to be considered.

4. The efficiency of the audit depends on the systematic maintenance of the accounts and books by the consumers' stores whether at state level wholesales/Central stores or primary stores level. The department has to ensure that the accounts and the books are maintained by competent staff in the stores, This aspect cannot be ignored by the

department. Improper maintenance of the books and accounts gives room for temptation to commit misappropriation/defalcation / embezzlement etc. Result, the work and responsibilitity of audit will increase.

5. The concept of management audit does not seem to be prevalent in the existing set up in Andhra Pradesh. The need to introduce such an audit has to be considered.

6. Internal audit, being a great assistance to the management, is yet to be introduced in societies where large transactions occur. This will enable the management to check whether its policy decisions are implemented very faithfully.

7. It has to be examined whether there is maximum coordination between offices of the department and the auditors of the audit wing. In case, statutory enquiry has to be conducted, the administrative officeer concerned has to do so and civil or criminal action against the accused also has to be taken by the appropriate administrative officer.

8. In many cases, even after producing the accounts and books, the completion of audit is delayed. After completion of audit, delay occurs again in receipt of audit reports in the office of the District cooperative Audit officer. For issue of the audit certificate in respect of the audit reports received, there will be further delay. Thus, by the

time the next financial comes to an end, still there will be many audit reports pending issue, and consequently, issueof audit certificates also is in arrears. Again, audit for the next year becomes due and thus the backlog increases year by year. The effectiveness of the audit will be lost if timely audit is not conducted within the prescribed period. With all these problems, there is much scope for improvement as far as audit is concerned because it acts as a deterrent to the consumer societies.

" A cooperative plan would not only be a plan of land and man-power management, re-organisation of agricultural processing and consumer industries and distributive trade but STRENGTHENING HUMAN VALUES AND DEMOCRACY "

___ Mahatma Gandhi

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CHAPTER – XIII

CUSTOMER SERVICE

Consumer is the King

The phrase "Consumer is the King" puts him on a high pedestal, thereby implying that everything is at his command. He decides what to purchase according to his taste and he fixes the rate for the commodities but at the same time he is the customer also. That is the advantage of the cooperative movement. He is the member of the society and he knows what commodities are available and he is satisfied with the rates. Even though he is both the consumer and customer, there are certain important principles to be borne in mind when the commodities are to be sold in the stores. In this Chapter, all the requisites for the successful running of a store are analysed and those who are in charge of the administration/management of the stores may well do to remember as to how the service to the customers is to be rendered.

All marketing starts with the consumer Cooperative stores are consumer undertakings, which are indispensable to marketors for the effective planning of their strategies. Marketors must therefore, try and understand the configuration of forces-cultural, social and political that operate on the consumer and dictate his buying and

consumption patterns. Theoretically, consumers all over the world are the same as far as their basic needs and desires are concerned[1]. However, the forces operating on the Indian consumers and particularly of Andhra Pradesh are far different from those that operate on his western counter parts, and so are the opportunities available to marketors.

Cooperation is a form of organisation wherein people join voluntarily for their common economic betterment. In the cooperative economy of today the performance of an enterprise would be judged by what things it can deliver. Hence it has become so important in modern business that hardly an enterprise can survive without it.[2]

As a planned programme, therefore, public distribution system,[3] is being strengthened, and cooperatives are being developed to form a bulwark of this PDS. This has necessitated re-orientation in policy to provide a new direction to the consumers' cooperative movement in the country [4].

In fact, the success of consumers' cooperatives largely

1. Mehta S,Chand, Indian Consumers'Studies, and cases for marketing decisions, New Delhi, 1974, p 14
2. See - Evolution of cooperative thought, by Dr KK Saxena, Bombay 1974, p.126
3. P.D.S. See. Chapter VI
4. Report 1980-81 Ministry of Civill Supplies, Govt.of India. New Delhi 1981. p.20

depends upon the services rendered by it to its members. In the fast changing world of today, efficient working implies not merely the balancing of receipts and expenditure in accounts but its capacity to survive competition and to expand its business and above all provide better customer service. This calls for not only adoption of modern methods of business but also involves an endeavour on the part of the staff engaged in the store to discharge their duties and functions in a satisfactory way. The consumer cooperatives, while pursuing the interests of their members, create an impact that is profitable to the consumers as a whole and beneficial to the nation. The bargaining power of the consumer cooperative movement is of sufficient strength to make such an impact. It has been possible for the cooperative movement to create an impact on the distribution system by handling sizeable share of the trade, not only in food trade but also in non food trade. The total retail trade of the country in 1976 approximated Rs. 16,000 crores, which in 1980 was about 20,000 crores, when the total sale of the urban and rural cooperatives in 1978 account for around Rs. 1,450 crores. Thus they have market share of 9% only[1]. Likewise the share of consumer cooperative stores in the total retail trade of AP is also negligible. In view of

1. Back ground papers - 6th Indian cooperative congress, The perspectives and problems of consumer cooperatives, NCUI, New Delhi, March 9-12,1979, P:2

their importance in our economy, consumer stores have to take effective steps to attract and follow modern methods to mobilise sales [1]. The Government has already invested large sum of money in consumer cooperatives, with the object of developing consumer cooperatives as a means of ensuring equitable distribution of consumer goods at fair prices.

In order to achieve these objectives, the movement had to grow on its own strength. Most of the stores in Andhra Pradesh have not adopted a sales oriented approach but instead, have been acting as a distribution agency. In A.P. the importance of scientific and modern methods of sales, which cover the entire gamut of the science of sales management, has hardly been recognised. The success of a store to a large degree, depends on its turnover and services rendered to its customers. The State of Andhra Pradesh, being one of the largest states in India has already to its credit Consumers, Cooperative business which has been growing during the last two decades, with a view to ensuring more efficient and effective service to customers.

1. Harry, Hapiner, Modern Marketing dynamic and Management Tokyo-New Delhi.1955,pp 355-360.

The following important aspects are to be seen.

1. Location
2. Layout and fixtures
3. Modern salesmenship
4. Promotion of customers
5. Application of modern techniques.

A detailed discussion of these factors, as influencing stores movement is given below:-

Location:

A good location augurs a good business. In selecting a good location, much care should be exercised. After the shop has been opened,the management must continuously watch other factors which may influence, for eg;

population shifts/ drifts,
establishment of new shopping centres
movement of other retailers etc,
income groups in the area.
buying motives.
business and other facilities etc.

A large number of primary consumer stores in Andhra Pradesh, which were organised, with the enactment of centrally sponsored scheme (CSS) in 1962-63, did not take into account the above mentioned factors at all, and

ultimately they failed or were closed. This was largely due to their faulty location. While arriving at a decision with regard to location of a co-operative store, following determining factors must be kept in views-

(a) Convenience to customers,

(b) adequate sales; and

(c) low cost of management.

(a) Convenience to Customers:-

With a view to providing better and efficient service to customers the cooperative stores should be easily accessible to the customers. For e.g. the road in front of the shop should be wide enough so that there may not be traffic jams causing inconvenience to customers. In and outside, walks or foot paths should be in fairly good condition[1]. The location should be away from places of public nuisance. If there is any drainage in front of the shop separating road and the shop, it should be covered; steps should be taken to spray the area frequently with phenyle or other anti-mosquito and anty-fly materials. The location should not be in the neighbourhood of old and warm structures. This will spoil the entire appearance of the store. Efforts should be made to locate the entire shop on

1. Shop planning and management - Report of the Regional Seminar, May 7-12,1971 (Tokyo) Japan, ICA Publication, New Delhi - p.31

the ground floor, or at the most on the Ist floor with every convenient level of the building and its approach.

Our visits to some of the stores have revealed that the stores do not take into account the convenience that is required for the customers and on the contrary, they positively provide discomfort to the customers. Some of the stores which can be mentioned specifically in this respect are, Visakhapatnam, Adoni, Vijayawada,etc, where the flooring of stores is beyond the convenient reach of the customers.

(b) Adequate sales:-

Adequate sales is an important consideration in the establishment of a shop at a certain place. Sales mostly depend on the number of customers living in the area,their buying habits, their purchasing power, other competitor's position etc,. A careful planning from the points of expected sales at a particular place, has therefore to be made. Unless a certain location is able to give adequate sales, the stores will not be able to become viable unit. A visit to a superbazar has established beyond doubt that the sales of the same, still after 10 years of its establishment, are much below the expected turnover. It is therefore necessary that the stores properly plan the sales.

c)Low cost of Management :- The cost of managing a store has an important bearing to its economic viability. It is therefore, of utmost importance that the expenses are kept to the minimum and are competitive. For e.g, rent and other incidental expenses connected with the building, where the store is being housed will ultimately influence its cost of operation. Like-wise other expenses relating to trucks or vans, which bring supply to the shop, or nearness to local points like Railway station or main shopping centres etc. will also influence the total cost. To some extent the location has to be decided upon with reference to type of clientele income groups etc., They would not mind, travelling some distance to buy their requirements in pleasant surroundings: in that case shop should be located in a less congested area where big buildings could be constructed or hired at comparatively low rent[1]

All the above factors have to be jointly taken into consideration and such a place has to be selected for locating the stores/shop as may satisfy customers, as well as the consumer stores. The future planning for stores in A.P. must take into account all these factors.

1. See - Reorganisation of the British Consumers Movement - by C.G. Kanat , V.M. National Institute or Cooperative Management, Poona 1967 pp 50-51.

(2) Layout and fixtures:-

Layout of Consumer stores with reference to arrangement of equipments, fixtures, merchandise etc. which largely depends upon the size of the shop, entrance to the shop, type of goods to be handled, type of operations and the nature and type of fixtures to be installed etc., has also important bearing in provision of better service to customers. The cooperative stores generally located in markets have to compete with private traders, but they also do not give an impression of being more attractive with a better layout and display as compared to private traders.

Visits to some of the stores, for eg, the branch stores of wholesale/central stores of Anantapur, and Kurnool districts have revealed that most of them not only lack modernity and appeal to the customers but also need to be drastically improved in their location, layout, and fixtures. These stores hardly attract many customers due to their faulty layout, location, serviceability, display etc. Like-wise main Bazar and Saibaba nagar branch depots of wholesale stores of Adoni have also not paid any attention towards better layout of the shop. In the stores at Anantpur and Kurnool visited during the courses of our enquiry it was found that there was small cooperative store having a counter desk, furnished in a crude manner and with display of goods not very attractive as compared to the

neighbouring private shops in the same area. Almost all primary stores were not kept as neat and clean as one could expect them to be. The display was not good and there were often rats in the stores damaging the pre-packed packages of food grains and other articles.[1]. The lighting arrangements were inefficient, insufficient and poorly maintained.[2].

In the primary stores of Nandikotkur and Allur, a huge shortage of stocks was reported due to loss caused by rats and these were written off.

The layout in the retail stores has to aim at achieving the following objectives:-

1) The arrangement of furniture and fixtures should be having maximum stocking and sales capacity.

2) The store should enable the members/customers to come as near to the goods as they can see them clearly and satisfy their demand. This will give them satisfaction that the customers are taken into confidence by the management and make them feel that it is really their own shop and that they should continue to patronise them.

1. Report of the National Seminar on consumers cooperatives in Iran, May 18-29, 1969. ICA Publication, New Delhi.p.g. 16-17.

2. Report of the Regional Seminar on consumer's cooperatives in cooperative setting ICA Publications, New Delhi. pp 32-33 , 1975.

3) Goods should be kept and supplied by the salesmen to the customers in a manner that minimum time is taken to serve the customers.

4) The layout should give a good and attractive appearance to the customer so that he is encouraged to come often, and if it is necessary for him to wait to be served, he should not feel disgusted with the atmosphere in the shop.

5) Wide entrance would provide good ventilation and light and would also make the items in the shop visible to the people, passing on the road or footpath.

6) There should be uniformity and standardisation of the working of the stores/shops/departmental stores in regard to the shop design, layout furniture and fixtures assortment etc.

7) The salesmen should be given adequate training in the modern selling techniques.[1]

Thus it may be concluded that the cooperative stores in A.P have to go a long way in meeting the requirement of customer service and in this respect, the factors enumerated above in relation to layout etc., have to be

1. Serving our members - A guide to Cooperative consumers' stores, published by NCCF of India New Delhi, New Delhi 1967 pp 13-14.

strictly adhered to be followed. Unless it is done, the economic functioning of the stores will not be ensured.

3.Modern Salesmanship : Next important factor is regarding modern salesmanship . Sales management is some what less than a science and more than a business. It is a cross between a profession and an occupation. Modern sales management is gradually approaching the ethical status[1] and learning of a profession.

Salesmanship in shops is of two kinds :

1. Silent salesmansip and

2. Spoken salesmanship. Attractive shop fronts, window display, advertising and convenient physical arrangements of goods etc are forms of silent salesmanship.

The spoken salesmanship refers to his personal qualities. The sales manager should possess more than a little interest in marketing and marchandising activities, interest in public and trade relations and also in other corporate functions. Management is the planning, organising.directing coordinating and controlling of the activities of a business enterprise in order to obtain the objectives for which it has been established[2].

1. Harry Simons Successful Sales Management Englewood Cliffs, N.T. Prentic Hall, I.N.C., U.S.A, 1957 pp.2-3

2. See 3rd Manual of cooperative management, systems consultancy and promotional call, National consumers cooperative Federation of India New Delhi pp 17-18

He should also be interested in personnel research and development, credit and collections and good communications. The free flow of ideas between these functions and sales is an executive responsibility of the sales manager[1]. Thus it is evident that to serve its members effectively, and to provide better customer service and also to boost sales of cooperatives, the salesman should be trained in the techniques of selling and in being courteous and helpful to the customers, and secondly, the sales campaigns should be planned on a yearly basis and shop managers and shop assistants should be informed well in advance about the existing plans[2]. A salesman can develop himself and improve his confidence in dealing with customers, employer and management through improving his knowledge about

1. a) Various articles (selling)
   b) customer demands(behaviour)
   c) Stores targets
   d) ways of improving business and
2. Correct behaviour towards colleagues and customers
3. Honest dealing with customers

1. George B Wright, New Techniques for effective sales Management, New Delhi 1971, p 53

1. See Modern applied salesmanship by Allan and Reid New Delhi - 1971, PP 36-50

4. Building sympathy with customers to mobilise sales and thereby to flourish business activity. Modern selling methods, personal qualities, shop ethics, importance of knowledge, buying motives relating to selling points to members' needs are some of the important elements of modern salesmanship.

A spotlessly clean shop with fine window displays and advertising are such things of silent salesmanship which help to attract customers in the shop. Cheerful faces and clean uniforms, seen through the window also invite customers. But the personal qualities of a salesman are one of those effective ways which form the essential base of the modern salesmanship. Experience and convention lead salesman to dress,speak and behave in certain ways for social purposes. By this way of dressing and behaving , he develops an intimacy with the customers according to the etiquette of the occasion. Buying and selling are also social occasions in which salesman and customer meet. Shop eliquette will be judged chiefly by the appearance of the salesmen and his manner of conversation. Like wise, clothes neatly pressed and brushed, tidy hair, clean hands and well cared nails are essential if he/she is to create a good impression. An alert and pleasant expression and friendly but not familiar manners are equally important in making the

act of buying and selling enjoyable for customer and assistants alike. The cooperatives have hardly cared to look to these vital factors in sales promotion, nay they are hardly aware of these.

So, while talking to a customer, salesman is required to remember to speak quietly but distinctly, and is also advised to be courteous to customer and fellow assistants alike and to avoid personal and controversial topics of conversation and using meaningless descriptions with the customers. They should never contradict the customers and give orders to them. With hand to hand, shop elequette goes the shop ethics. The cooperative stores should exhibit a high standard in this regard. There is no denying the fact that making consumers' cooperative a success is a very difficult task. In the present cooperative set up, the cooperative stores of A.P will indeed, have to go a long way in achieving the modernity of present competitive salesmanship [1].

Broadly speaking there are six determinants of the success of consumer cooperatives.

1. People, 2) Place 3) Pricing
4) Personnel 5) Procurement 6) Publicity.

1. See - Consumers cooperation - Problems and prospectus. Registrar of Cooperative Societies, U.P Lucknow, quoted by Dr. RP Saxena.

The six P's as we may call them and the modern salesmanship will determine the future of cooperative stores.

4. Promotion of Customers :-

To many cooperators it appears paradoxical that a cooperative should promote and attract customers and these should advertise and publicise its wares since the society is selling mostly to their members. They assume that members, who own the society should buy only from the society' shop. But this is very narrow out look and is not going to help consumer stores. However, lack of loyalty is a serious problem encountered by some societies. Further, well designed and attractive advertising and publicity campaigns by the private retailers and especially the higher echelons in the private trades, the stockists and manufacturers wean away the members of the cooperatives. It is, therefore, necessary that the cooperatives should also bring their goods to notice of members through a variety of attractive publicity media so as to promote and motivate the customers [1].

The important function of sales promotion is to serve as a bridge between advertising and personal selling to supplement and coordinate effects in those two areas. The

1. Report of the Regional seminar on Consumer cooperatives in a competitive selling ICA publication,New Delhi 1975 Pg No 38.

Following important things deserve attention.

(i) window display

(ii) cooperative symbol and uniformity in shop display

(iii) pre-packing

(iv) price marking

A detailed discussion of these is given below:

(i) Window Display : In Cooperative stores, window display is one of the most effective ways of promoting customers and is also one of the most difficult jobs requiring great skills. If the cooperatives in A.P are to increase their sales and to promote customers in their shops, it is essential that, among other things, they should look to customers' convenience by reducing the time involved in shopping, by allowing the consumer freedom to look around the shop, and by arranging commodities in proper grouping. In Andhra Pradesh, leaving aside some super Bazars, adequate attention to the various aspects, which affect the exterior look of the shop, have not been paid by the stores at all.

There is a distinction between the cooperative shops in rural areas, and urban areas. There is a greater scope for improving shop layout in urban areas, as compared to the rural areas. In order to achieve fine window display, and also a better shop maintenance much more is required to be

done. If the shop premises are properly white-washed or painted if its doors are shiningly varnished or painted; if the inside of the shop is adequately and decently furnished, if its interior is artistically, though not necessarily expensively decorated, if at night it is properly illuminated, if the articles which are being sold by society are artistically and tastefully displayed inside the shop as well as in the display, windows of the shops do not give to the on-lookers a feeling of emptiness, dirtiness and carelessness, if the salesman is properly and decently dressed and is courteous in his behaviour ; there is absolutely no reason why people should not flock the retail stores of the consumer cooperatives .[1]

It is a fact even today, customer service and also proper marketing continue to be a matter of minor importance to the Government and cooperative authorities, most of whom strongly believe that moral perfection and cooperative principles along with financial assistance from the Govenment will take care of consumers' cooperative society.

In most of the stores visited during the course of enquiry in Andhra Pradesh, it was found that the cooperative stores did not keep and maintain any track of the customers

1. Satyanarayana, M, Salesmanship, Sales Management and advertisement, Bombay, pg 20

or clientele[1]. This obviously reflects not only their complete indifference towards service to their customers, but also establishes an impression that the stores hardly believe in keeping a closer liaison with their customers.

ii) Cooperative Symbol and uniformity in shop display: Usage of a symbol is an important method for uniform identification of cooperative activities and for creating a proper image of the movement, and as also for attraction and promotion of customers. Cooperatives in A.P should therefore, evolve their own symbols. One of the most important factors, therefore, for the success of consumer cooperative movement has been their entry into the field of production. In Sweeden 46% ,in Switzerland 27%, in U.K 30% in Denmark 33% of turnover of cooperatives has entered in production; and for that '88' in Britain 'comus' in Denmark, 'konsum' (supermarket), 'Domus' (Departmental stores) in Sweeden, are used for uniform identification.[2]

There should be similar uniformity in the exterior of the primary societies/branch units of the wholesale stores or retail outlets of Andhra Pradesh State Consumers' Cooperative Federation, (APSCCF) (Fedcon,) situated in the

1. Indian consumers, cooperator, vol 5, October 1978 National consumers cooperative Federation of India New Delhi p.3

2. Development in Consumer cooperatives in Sweeden,Denmark and UK - its lessons for India Department of Cooperation, Ministry of Food and Civil supplies Govt of India, New Delhi -1968 p 41.

capital city of Hyderabad. A stage may come when the possibility of securing uniformity throughout the state or throughout the country may be considered, but for the time being, we should try to achieve the uniformity throughout the jurisdiction of each centralwholesale consumer stores and 'Fedcon' as well. There should be uniformity in the matter of sign boards their size, colour,letters, and so on; their furnishing, their window display and the attire of their salesman. This sort of uniformity will prove to be a great unifying force for the participants of the movement.

The Bata shops and the D.C.M shops in the private sector,for instance, have adopted the practice vigorously and whereever they might be situtated, look like any other shop run by the same organisation. This will add to the pride and prestige of consumer cooperative movement in Andhra Pradesh.

(iii) Pre-packing : Pre-packing is a modern method of attracting more customers. To provide better service and clientele to the members/customers, better shop maintenance is required. In order to achieve this object, pre-packing is essential which involves good knowledge of the buying habits of customers so that packings can be done in most popular sizes. Since the goods are to be weighed every time when a customer comes and demands them, it obviously results

in delays and holds the customers who are mostly in a hurry and do not like 'waiting'. In the modern business world, pre-packing has been of great importance, which implies the cleaning of goods and weighing them in standard quantities. Thus in order to create a good image of the consumer cooperative stores in the minds of members/customers and to improve the image of the consumer cooperatives, an attractive shop frontage and also attractive display of goods in shelves is required with a view to get the customers to visit all the various sections and departments of the stores and for this, pre-packing is foremost and essentially required[1]. The selection of magnet commodities should be displayed, and importance to pre-packing should be given, choosing right colour combinations for various category of goods from the view point of customers/consumers.

iv) Price marking : It is the price which the customer has to pay. The customer is interested in the price of the materials. Price marking is considered to be of great importance from the view point of customers as well as from the view point of consumer stores. In making selection of goods, pricemarking on articles helps the customers. They are not required to wait till the salesman is free to attend to them.

1. See - Report of the National Seminar on consumer cooperative in Iran , May 18-29, 1969 I.C.A Publication New Delhi pg.19

The customers also rely that prices have not been wrongly quoted. Moreover, if he wants to check the cash memo at home leisurely, then the prices marked on the packets would be of great help to him.

Quoting of prices of the articles is safe for salesman and customers. If the prices are marked on the goods there will not be any mistake. Some times, in rush hours, if new staff are employed, they are not expected to know the price of various articles and therefore, price marked on each article will avoid confusion. The price marking of articles will also assist the customers/consumers in making up their minds to go to the stores for making purchases. In Andhra Pradesh, the practice of price marking can be seen only in super bazars situated at Hyderabad, Viskhapatnam, Vijayawada, Tirupati etc.

The primary stores of the state have not followed this practice , and a lot remains to be done in the regard.

5. Application of modern techniques

In these days of keen competition it is essential for the consumer stores to be able to compete with the private traders and attract more and more customers, to make them viable units of the state. Special reference may be made to modern techniques in retailing by which they may win the

hearts of the customers and make them avilable cheap and best quality goods on attractive and favourable terms. In foreign countries like Denmark and Sweden huge amounts are spent in this direction. In some of the other states in the country, particularly, i.e, Maharashtra , Bengal, Punjab and Delhi, efforts have been made to give emphasis and stress on this aspect, but in Andhra Pradersh hardly anything is being done. The need for adoption of sales oriented policy for customers is vital and the consumer stores in Andhra Pradesh have to go long way in achieving this modernity. The various points to be considered in this connection which are of atmost importance are as under:-

1, Planned sale.

2, Advertising and Publicity.

3, Incentives to salesman.

4, Assortment of goods.

5, Modern self service system.

6, Consumer's Psychology.

A delaited discussion of these is given below:

Every sale in consumer stores if planned, will save time ; build good will: give better result: good customer service: and will rarely given loss. Planned sale includes :-

(1) Attracting the customers into the stores .

(2) Greeting the customer- the reception.

(3) Negotiating the sale .

(4) Closing the sale and parting from the customers[1].

Although the general appearance of the shop and its windows, and perhaps leaflets distributed in the houses or newspaper advertisements have a lot to do to attract the customers: but the salesman and the selling activity too, have an excellent role to play. One of the most important factors which will affect the shoppers to come regularly into the store is their opinion about the stores and what they think of the service rendered by it.

Here, gifts and awards to the consumers greetings on festival occasions, social contact with the members etc., will do a lot to the benefit of consumer stores. In Andhra Pradesh, hardly any consumer store or even a super Bazar has attempted in this way to attract customers or to win the hearts of the consumers or their members in the manner discussed above[2]. As soon as a customer comes to or enters the store, prompt attention, cheerful expression and a civility are simple ways to reach the goal and win confidence of customers. Counters, served by girls and keeping personal touch with the members/ customers, would go a long way in improving the consumer stores in Andhra Pradesh.

1. Serving our members- A Guide to co-operative consumers published by NCCF of India: New Delhi, 1967, P 24

Indian consumer cooperator vol-6 April 1979, National Consumers cooperative federation of India, New Delhi P.4.

Negotiating the sale is perhaps the most difficult of the four stages of planned sale and this also is the final test of spoken salesmanship. At any rate, the salesman of the consumer store /super Bazar has to be polite, tactful and well behaved.

Advertising and publicity has an important role to play in disseminating information about consumer goods for the consumer co-operative in Andhra Pradesh. However, right from the beginning there have been efforts from some dedicated co-operators to uplift the cause of the movement and for this purpose they started and ran many co-operatives, presses and produced publications and publicity material regulary and occasionally from time to time.[1] Mass media ,like the press, radio television, films, printed literature, exhibitions, and displays can be used to solicit people's participation in consumer stores.

Here , It may be mentioned that in A.P. money has been sanctioned under centrally sponsored scheme, NCDC and the Central Government have also provided financial assistance under PDS for the purpose of shop layout ,window display,

1. N.C.D.C letter No 1-6/77- Re(for margin money assistance) 15-12-78,to secretaries in charge of All India co-operative stores in all states.

fixtures etc, to co-operative stores. A sum of Rs. 3,000 is being sanctioned to each co-operative society under PDS engaged in serving rural consumers for shop layout, counters, furnitures and fixtures etc.[1] It may be added that this does not serve the purpose of publicity and advertisement. While co-operative press and publicity has developed, we need not be complacent of our present achievements. There is a need to improve our publiciity programme and win the confidence of customers.[2] Use of mobile vans for showing films by projectors and making cinema films , arranging Radio/ T.V- talks and interviews are now common methods.

The concept of incentives or motivaion is primarily psychological and is concerned with the forces operating within an individual worker impelling him to act or to act in a particular way Motivation refers to the ways in which urges,drives, desires , aspirations, strivings or needs directly control or explain the behaviour of human beings- motivations are reported as urge or tension to move in a given direction or to achieve a certain goal.

You can buy a man's time you can buy a man's physical presence at a given place, but you can not buy him

1. NCDC letter No. 1-6/77-8/ (for margin money assistance) 15-12-1978 to Secretaries in charges of All India Cooperative Stores to all States Ministry of Civil Supplies.

2. See - Cooperative press and publicity by KD. Tripathy, published in Indian Consumer Cooperator - Vol 6. April 1979. pp 4-6

enthusiasm, initiative or loyalty. This is a matter of purely an attitude of mind which can enthuse, initiate, prompt and build up loyalty of the work and their willing co-operative mind for the attainment of specified goods.

Occasional competitions amongst the salesmen may also be held in respect of sales or in respect of shop display. The top salesman may be given a prize or suitable reward for the efficiency and also his photograph and his achievements may be published through local newspapers.

In Andhra Pradesh, some of the co-operative whalesale stores are run by the Government Executives. For eg:- Co-operative officers deputed by the department. Wherever the management of such stores has been superseded, administrators/departmental officers have been deputed. It is found that the state of affaris has gone from bad to worse, and the administrators may not feel the sense of accountability and respensibility towards the share holders and the wholesale stores . Thus the whole co-operatve programme is in fact, suffering due to this system of posting of Government officers in the stores. This should be done away with so as to generate the interest of co-operators.

See - Management of Cooperative Enterprises by S.K.Sinha and Dr. Sahaya, Publiched by N.C.C.T New Delhi. July 1981. P.172.

It is found that goods well bought are half sold. A co-operative society should have a definite business policy, so that assortment of goods is wisely fixed. An assortment policy should be based mainly on customer demand and margin of profit. The customers' demand can be determined from the past records and with the help of market researches. The stocks in shops should consist of easily saleable and regularly available commodities providing a reasonable margin of surplus[1].

In self service and self- selection system for many customers' the only personal contact they have in the store is with the cashier and for many of them, it is the very last contact. Thus, the service and treatment accorded to them by the cashier creates an impression, upon which the whole store is judged.[2]

If the cashier is friendly, quick, and accurate, the customer is favourably impressed and he thinks of the entire visit to the store as a pleasant and completely satisfying one. However,if the opposite is true ,then the customer is justifiably annoyed and tends to think of the entire visit with dissatisfaction, no matter how satis-

1. Report of the Regional seminar on Retail managent in consumer cooperative Lahore, I.C.A. Publication, New Delhi December 4-16 1967 p.20.

2. See -4th Manual on cooperative retail operation system for consumer cooperatives, November 1977. N.C.C.F of India , New Delhi p.154

factory in other respect it may have been, Needless to say, dis-satisfied customers can become some one else' customers. Thus, a cashier in this system has a big responsibility. Self-service shops in western countries are very popular. The services rendered to the customers through self service shops are fairly good in south East Asia.In philipines most of the cooperative shops are self service shops.[1] In Philipines the bigger and medium sized shops are of course self-service shops like most of the private shops. Even some of the smaller shops are also self service shops. The impression one gets is that most of the cooperatives shops are self service shops. The cooperative movements in India and Japan have adopted self service system.[2]

In Andhra pradesh, self-service system has been introduced in many stores. Actually this system of self-service operation fulfils many of the requirements. One unique feature of the consumer cooperatives is that, many of the customers who are served are the members of the society and it is in effect, selling of goods to the owners of the stores. Therefore the self service systems will give a feeling of ownership in the minds of customer/members of

1. See consumer cooperatives in phillippines by R.Arvideson. I.C.A Publication New Delhi

2. Report of the regional seminar on retail management in consumer cooperatives, Lohere, i.e a publication New I.C.A Publications, New Delhi 4-16-1967 p.19

the stores. Further, this system provides for the maximum utilisation of space, enables the society to have attractive display of goods, exposes the consumer to a wide range of commodities and allows the freedom to look around the store and find the articles, they want by saving much time.[1]. In addition, there are specific advantages to the society, as shown below:-

(a) Reduction in shop cost by employing less number of salesmen.

(b) Increared use of printed and silent salesman-ship.

(c) Increased sales volume.

(d) Sales of goods at lower prices by better use of shop space. This system, initially can be introduced in super bazars of A.P. However ,a good amount of educational work will have to be done to popularise this method.[2]

The study of human mind in its various operations (i.e, how a customer can be tackled, what things appeal to him, what pleases or dissatisfies him, what type of person he is etc. can be made as shown under two headings.

1. Report of the Regional seminar on retail Management in consumer co-operative, ICA Publication New Delhi December 4-16-1967 p.19.

2. Report of the National Seminar on Consumer Cooperatives in India, Iran, May 18-27 ICA Publication,pp.17,18

1. Buying motives, 2. Customers behaviour.[1]

1. Consumer behaviour is an important and exciting subject for marketers to explore. It is a complex field of study and consumer cooperatives need to undertake considerable complementary, reading for gaining a deep knowledge of the subject. Motives are drives or urges or promptings that are responsible for human behaviour. Buying motives are those which urge persons to buy things eg, variety, affection, patriotism etc. Buying motives of cooperative customers may be varied e.g, health, efficiency, comfort, pleasure, beauty, modernity and economy[2]. It is not always easy to know the buying motives of the customers at once. However, by understanding motives, salesman can make suitable appeals to customers and at the same time behave in different ways as they are of different types.

Some examples of typical customers are:-

(a) Argumentative customers, (b) Shy customers, (c) Silent customers,(d) suspicious customers, (e) impatient customers (f) conceited customers (g) Talkative customers (h) women customers.

They are therefore to be tackled in different ways.

1. See Indian consumer Studies and Cases for Marketing decisions by S.C Mehta New Delhi 1974- p.
2. N. Satyanarayana, salesmanship, sales management and advertising Bombay p.19

Consumer stores are mostly centres of distribution of goods in A.P.instead of selling of goods; therefore, various modern techniques and important practices of sales management can hardly find their way in consumer cooperatives of the state. But taking in view the objectives of consumer cooperatives, the need for sound customer service and for the study of consumer's behaviour is very important in order to enable the consumer cooperatives in A.P. to play their full role in the growth of cooperative systems.

In A.P. consumer cooperative movement is sponsored by the state, and the non-official response particularly for the uplift of weaker and helpless sections in the urban areas, on an organised basis is hardly to be seen. Further, the market technique used by consumer's cooperatives are still very old, orthodox and backward. But today, the societies cannot live without adopting modern market techniques prevailing in the private trade. The idea that moral persuasion and application of cooperative principles will take care of consumers' cooperative is not enough for rehabilitation and reconstruction of consumer store movement. The cooperatives will have to take into consideration the modern market techniques in the trade, if they wish to survive.

Here, a special reference may be made of a score board for the salesman, as a guide for him. To improve selling techniques, he must constantly try to watch himself at work.[1]

Our visits to super Bazar which are functioning at present in A.P. have convinced that a lot can be done to make improvements in their functioning and sales by introducing the modern techniques of selling and by attracting customers. In fact, we have to take lessons from the chain stores/ departmental stores of the western countries.

In this respect, a recent study of super Bazar in Pondichery has disclosed mainly three systems with a view to bringing about overall improvement in the super Bazars. These are equally, of relevance to our super Bazars in Andhra Pradesh and are therefore discussed as a measure of suggestions for introduction in these stores. The following are the three systems which need implementation in A.P.

1. Voluntary customers' service.
2. Consumer emergency shopping centre
3. Mobile sale service and door delivery scheme.

1. Serving our members - A hand book published by NCCF, New Delhi - 1967 p.45

In the State head quarters extending credit facilities to its members, consumers may sponsor this ideal scheme of voluntary consumer service. Under the scheme, the super Bazars, may call for application from the young and energetic youth, both males and females, to work as consumer volunteers, purely on commission basis only and select them. The scheme visualizes that,

(1) area of operation should be demarcated to each and every volunteer.

(2) each Volunteer should cover at least 30 to 50 members in this area of operation.

(3) as many number of volunteers may be appointed so as to cover a maximum of 50 members per volunteer.

(4) a list of members with their addresses and other descriptions and the individual maximum borrowing limit etc, shall be furnished to each consumer volunteer.

(5) each volunteer should be provided with an inventory book indicating the various items of articles, rate per units, its trade mark and other trade details etc.

(6) each and every volunteer should be given a plastic badge indicating his name, and constituency and the name of super Bazar /vibhagavikraya shalalu, for information and identification of the consumer members.

(7) each consumer volunteer should be given a set of credit bill book, carbon paper and pencil after obtaining necessary acknowledgement.

(8) every super Bazar shall display on a conspicuous place or board indicating the names of the consumer volunteer appointed in each area for information of the consumer members concerned.

(9) all the members may be informed and requested to avail the services of the consumer volunteer concerned, there should not be any compulsion or coercion since it is a voluntory consumer service as such.

(10) after appointment the consumer volunteer should first visit the super Bazar and meet the officer in charge of it. He should get first hand information regarding the quantity of goods, rate per unit, trade mark and fresh arrivals, and gift scheme, new line of business introduced by super Bazar and then visit his area of operation. He should contact the members in his area by visiting their houses and ask for their requirements; commodities required by the members should be billed with reference to the availability

or stock position and price list. Bills may be prepared in triplicate and delivered to the members concerned in duplicate after retaining one copy with him. Members signature may be obtained on the bills. He should simultaneously make an entry in the pass book of the member concerned. The members' after getting the bills in duplicate from the volunteer. straight away go to the super Bazar, get the bills concerned entered in the personal register and then to f, delivery section to receive the goods. The members need not go to bill counter and wait for their turn to get their bills prepared.

This scheme has not only helped the consumer members in a big way but has also facilitated the administration of super-Bazars It has provided employment to unemployed youths to a certain extent. No money is involved to the management nor is any risk involved. This scheme has ultimately increased the business turnover and profit margin correspondingly The scheme will also help to enrol more members, promote sales and increase the profits of the super Bazar in Andhra Pradesh.

We know that the services of the super Bazars may not be available in each and every corner of the town or city.

The consumer in many areas are suffering a lot either for want of shopping complex or shops to get their requirements even in case of emergency. They have to go a long distance to procure them. In order to relieve such consumer to a little extent, emergency shopping centres may be opened by the super Bazars in these remote areas. Our visits to the cities where the super Bazars of Andhra Pradesh exist, have convinced that there is a great scope for opening of emergency shopping centres in these cities This will enable the super Bazar to widen their area of busines activity The emergency shopping centre may be opened at the house of the members, No rent or rates are to be paid. The super Bazar shall supply the goods requiored by these emergency shopping centres at concessional rates or on credit basis or on trade deposit basis. The various facilities of name-board, agency bill-books etc, are also to be supplied to them. Persons engaged in these emergency shopping centres should not be expected to take much profit. The super Bazars reserve the rights of opening and the termination of such emergency shopping centres. The super Bazars, as for example, which are located in Vijaywada, Visakhapatnam , Guntur and Anantapur etc are located only in one corner of these cities.

All these cities have not only increased in population and in area during the last one decade, but have also exceeded in terms of prices and income of people. The retail trade in business has increased manifold. The opening of emergency shopping centres by the super Bazars will not only increase the turnover but will also go a long way to provide a reliable customer service to people who are deprived of the shopping facility or who have to spend extra money on transport or conveyance in order to do their shopping work. A survey of the new localities that have come up in these cities within last 15 years would justify the opening of such centres, if not permanently, at least on a temporary basis.

Super Bazars which are working on profits may under take this kind of Mobile sales service and door delivery seheme, under which a diesel van equipped fully with consumer goods, may visit each and every place where there is no business complex or branches of super bazars. These mobile sales services should draw a programme of visit indicating the day and the place of visit and the hour of sales etc. Thus mobile sale service can be implemented successfully and satisfactorily by changing services according to the circumstances.

Besides super bazar in Andhra Pradesh, big societies so called lead-societies may also undertake the mobile sales service and door delivery scheme. Under the National Cooperative Development Corporation scheme(NCDC), a lead-society handling consumer business, if considered necessary, may have its own transport arrangement. The NCDC provides financial assistance in the shape of loan-cum-subsidy(in the ratio of 75:25) for the purchase of transport vehicle upto Rs.60,000,[1] thus undertaking mobile sales service and door delivery scheme in super bazar/ lead-societies as the case may be, which will conveniently serve the customer/consumers at their doors, which will not only increase the turnover but will also create confidence in the minds of customer/consumers.

It may be said that the success of super bazar of Andhra Pradesh depends largely on due observance of the norm as discussed above and nothing short of it would help us. However, our study has revealed that in Andhra Pradesh retail and wholsale stores suffer from a series of maladies.

A large number of consumer cooperative outlets in Andhra Pradesh which do not run department/min-stores or super bazars have shabby appearances and in shopping centres

1. Annual Report - 1979-80. National Cooperative Developpent Cooparation New Delhi 1980 p.107

the cleanliness is much below the expected standards. The consumer cooperative institutions should,therefore,undertake effective measures for maintaining shop hygiene and cleanliness and also modernise their premises with proper display etc. Such measures are required to be adopted even in case of retailed outlets like fair price shops run by consumer cooperative institutions so that the image of consumer cooperatives gets a better projection in the minds of the consumers/members.

In order that consumer co-operatives act as counter vailing force , it is necessary that the total retail sales of consumer co-operative ought to be increased of the total consumer trade in the state. Only then, will they be able to exercise a healthy influence over the retail trade. With active support of the Government and the dominant role assigned to co-operatives in PDS, it should be possible for the consumer stores to achieve this target, if they could improve and rationalise their business and operational procedures and practices. In this context a reference may be made to the two pilot studies which were conducted in Bombay and Ahemdabad by Indian Institute of Management in 1976. From the above point of view, the co-operative stores are required to be further located with careful observance of consumers' convenience,efficiency of service and courtesy etc.

Some of the wholesale stores in A.P are run by the Government officials, who may not have proper training or they want to keep themselves aloof from their progress and prosperity . It may be suggested therefore, that the system of posting Government officials in stores may be avoided. The consumer store should adopt modern management techniques. They are required to improve the quality and quantity of services, for which they must work to their full capacity, and for achieving the above goals, minimum costs should be kept in view under a strict budgetory control. No consumer co-operative institution can be successful if it is run on the lines of a Government Department, where work progresses at snail's pace. Further, as an integral part of programme of diversification, consumer co-operatives, should expand their outlet to unserved areas. The number of super bazars, i.e,. complete shopping under one roof should be increased, which is at present only sixteen for the whole of the state. Home delivery system is a modern innovation. Through mobile sales service system, and consumer volunteer service system, much business can be transacted.

In Andhra Pradesh credit sale in consumers' stores is discouraged and according to the co-operative departmental instructions the principle of cash trading in consumer stores is to be followed. Actually, in the present business world, credit is a pivot around which the whole business

world clusters. Therefore, it is advisable that the consumer stores of Andhra Pradesh should undertake credit sale with the principle of safety and the principle of cash trading, which was reviewed and analysed as the optional principle of co-operation in 1937 by ICA.

The selling stores should enforce inventory management as an art of handling the commodities during their flow into, and out of the premises of the society and should be enforced in such a manner that maximum sales and services are released with a minimum of efforts, costs and shortages. The new concept of marketing assumes that the customer/consumer is the king who controls the life of a business enterprises. This means that the existence of co-operative store depends on the extent of patronages enjoyed by it from its customers. The stores therefore, must study the customer, his needs, his tastes and design of product which will suit his/her requirement and taste.

Indifference, to the customers is a common complaint. So, if the consumer stores are to be successful and are to retain loyalty of the customers, the consumer co-operatives have necessarily to offer suitable incentives like purchases - rebates, seasonal compliments, special sales offers and other civil amenities etc. Some of the unique privileges like accepting sale returns after sale services, celebration

of national festivals, co-operative - week etc,. would contribute considerably not only to build up the image of consumer co-operatives but also to secure support from all groups of the society.

Normally, untrained and disqualified salesmen are found in the retail and wholesales stores of Andhra Pradesh resulting in customer service adversely. Effective improvement can be materialised only if staff of the consumer stores and super bazars are well trained to look after the modern marchandising of the unit. A planned approach and action programme for building up cadres of well trained managerial supervisory personnel in the consumer cooperative movement is suggested.

This requires a statewise programme for imparting training to the staff. The co-operative training college/training institute can also consider the desirability of giving training on these lines so that qualified and trained personnel can be appointed to the posts in the consumers' stores. A well trained staff with courtesy, good manners, etiquette, etc will be an asset to the consumer stores and they will exert a prosperous influence on the customer service.

" We have to get out of our grooves. You cannot do so if you leave it to a poor individual farmer without much resources. What can he do? You have, therefore, to rely on some movement. And we do not want the big zamindars and talukdars and all that. We have already largely put an end to that system. The only way is, therefore, the co-operative movement, which thinks in terms of the individuals, small individual, who, keeping his individuality in tact, his freedom in tact, can yet, on the co-operative plans, function in a big way and take advantage of science and technology".

Pandit Jawaharlal Nehru.

Taken from "Co-operative Efforts" by Co-operative Training College, Rajendranagar, Hyderabad.

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CHAPTER – XIV

CONCLUSIONS AND SUGGESTIONS

In the foregoing chapters, various aspects of consumers' co-operatives in Andhra Pradesh have been discussed with special reference to their growth, development and the existing set up. In some respects, they have grown much, catering to the needs of the economically backward and the vulnerable sections of the society. Especially, when the prices were spiralling and the commodities were artificially becoming scarce, these consumers' co-operatives through the Andhra Pradesh State Consumers' Co-operative Federation Ltd., Wholesale stores/Central Stores/Super bazars and Primary Consumer Stores have done a very commendable service to consumers of Andhra Pradesh for the past about four decades. As a result, prices have been checked, scarcity of the commodities has been considerably arrested and distribution of the goods has been evenly and fairly made even in times of national emergency, war, drought, flood and cyclones.Through the public distribution system, hundreds of fair price shops and primary stores have been set up and large scale distribution has been made throughout the State. Controlled and non-controlled commodities, janata sarees, dhoties, pulses, grains, rice, wheat and many such consumers' goods have been sold at reasonable prices. We

cannot conceive what would have been the condition of the consumers, had the consumers' cooperatives not been established a few decades ago.

These cooperatives have become a part of the comsumers' life in Andhra Pradesh. Yet, as in every system or structure, there are many defects/handicaps in these consumers'cooperatives also. Some times, the failure is in the very system. Sometimes, the failure is in the working of the system, in some cases, the failure is due to the failure of man. The combination of all these failures leads to annihilation of the whole structure.

By the very concept, cooperation means working together. If the spirit of working together ceases, there cannot exist cooperation and ultimately it may lead to liquidation and destruction. That is why many societies have gone into liquidation. In Andhra Pradesh too, many consumer cooperatives could not work for many years and due to some reason or other, they had to wind up their work, and close their stores.

In this chapter, a chapter-wise analysis is attempted indicating the important conclusions and suggestions for remedial measures.

In Chapter I, the origin, growth and development of consumers' cooperatives in Andhra Prades are outlined. Eventhough the cooperative movement was started with a humble beginning, it began to make remarkable progress through the Five Year Plans. In the wake of Chinese War in 1962, with the introduction of Centrally sponsored Scheme, a net work of consumers' cooperatives was organised in Andhra Pradesh. The introduction of public distribution system was another impetus for the consumers' cooperatives and thus distribution of commodities of essential nature was to be accomplished through the consumers'stores. When the National Cooperative Development Corporation was established, greater importance was attached to the consumers' cooperatives. Great encouragement was given by them for the establishment of urban and rural cooperatives. The idea of consumers' protection also became very prominent and many voluntary organisations were organised in Andhra Pradesh to safeguard the interests of the consumers.

Now the existing set up of the distribution of the commodities is in three tiers, viz;

(i) AP State Consumers' Cooperative Federation (official business term is Fedcon), which is the apex body at State level.

(ii) Wholesale/Central Stores/Super bazars in the district level and

(iii) Primary stores in the taluka level.

The difficulties, defects, and the problems associated with this three tier organisation are dealt with in the subsequent chapters.

Chapter II

Whole Sale/Central Consumer Cooperative Stores

The history of the whole sale stores dates back to 1941-42 when there was only one such store. Gradually, it began to grow. During the First Five Year Plan, there were 824 members and it increased to 4721 during the Second Five Year Plan with a share capital of Rs. 78,000. During the Third Five Year Plan, the membership was 71450 (1967-68) with a share capital of Rs. 58.85 lakhs. Working capital for the same period was Rs. 563.80 lakhs, thus indicating a rapid growth of the Wholesale stores. There were 24 stores at that time. By the end of Fourth Five Year Plan (1973-74), there were 819 member societies and 95423 individual members with a share capital of Rs. 102.61 lakhs. The increase was considerably more by the end of Fifth Five Year Plan when there were 1,21,359 members with a share capital of Rs 173.62 lakhs. At the end of Sixth Five Year Plan, there were 20 stores, with 92552 members with a share capital of Rs. 160-22 lakhs, thus indicating a decline. By

the end of 1988-89, there were 31 stores, out of which 22 stores were incurring losses, the amount of loss being Rs 169.06 lakhs and 9 stores with a profit of Rs. 9.27 lakhs. Eventhough the purchases and sales were increasing year by year with increasing transactions, the profits were not earned by them in majority of the stores; on the other hand, the losses were increasing year by year.

A review of the working of the Super bazars also has been made in this chapter. In 1967-68, there were 10 superbazars and in 1988-89, there are 15 superbazars. The business turn over by these superbazars was on the increase from the Fifth Five Year Plan onwards, viz, Vth Five Year Plan Rs. 716.63 lakhs

VI Five Year Plan Rs. 842.17 lakhs

VII Five Year Plan Rs.1209.25 lakhs

Here also in spite of heavy transactions, the profitability of the superbazars has not been very commendable. Almost all the superbazars have been depending upon Govt loan and subsidy. The position of the finances of these institutions is not that happy and it is doubtful whether they will be able to fulfil the objectives with which they were set up.

Following Suggestions are made :

a) It has to be considered whether the existing three tier structure can be altered into two tier system.

b) These institutions have to maintain religious and political neutrality.

c) All stores should have democratic set up by strict elections at the appropriate time.

d) Monthly stock taking should be conducted to check pilferage, misappropriation/defalcation etc.

e) Inspite of huge transactions involvement of the mass is not felt. An effective coverage of membership should be made with collection of share capital and also deposit from the members.

f) Intensive education on cooperative movement should be given through publicity, propaganda, radio, television, magazines, newspapers etc. The spirt of cooperation may have to be infused into the minds of the public.

g) The stores should not rely on Govt. and the banks for the business. Share capital money and deposits from members may be raised so as to make the stores self sufficient.

h) Personnel and financial management should be toned up so as to establish an excellent system of administration.

i) When losses occur, reasons should be investigated, responsibility should be fixed , penalty imposed, and amount recovered without loss of time.

j) If losses continue, the store should be liquidated and amalgamated with nearest store without perpetuating the losses.

k) Modern techniques of selling should be adopted.

l) Conditions of service of the employees should be streamlined. Incentives should be given and scheme of pension may be introduced to encourage continuous service.

m) Much depends upon the honesty, integrity, loyalty and faithfulness etc of the members.

Chapter III

In this Chapter, a case study of Visakhapatnam Cooperative Central Stores, Ltd has been made. This was established in 1963 and subsequently converted as superbazar. It was started with a share capital of Rs. 2890 and at the end of 1988-89. The share capital is Rs 50,31,890. Though the transactions are huge during the past years, the profitability is not ensured. During 1988-89, the purchases were to the tune of Rs. 5,99,08,976 and

sales were for Rs. 6,89,19,891, but the profit was only 1,18,765. Due to heavy losses incurred during the previous years, the accumulated loss at the end of1988-89 was Rs 11,40,663. The superazar is contemplating establishing new branches and construction of a multi-storeyed building for Rs 53 lakhs. It is not advisable to embark upon new ventures when the accumulated loss is more than Rs. 11 lakhs. Reasons for the loss are to be analysed and it should be seen whether the loss is due to one or many of the following reasons:

i) Heavy overhead charges
ii) Accumulation of damaged stock
iii) Pilferage of stock
iv) Injudicious purchases
v) Inadequate periodical stock verification
vi) Laxity in supervision and inefficient management
vii) Misappropriation/defalcation
viii) Unwise investment of money on unproductive purposes.

Chapter IV : Primary Consumer Cooperative Stores

Primary Consumer cooperative store is the weakest and the last link of the cooperative structure. The origin of these stores can be traced to 1930-32 when there were 750 members with five societies. Now it has grown much due to various reasons such as Govt's keenness to supply

commodities at low prices, adoption of seven Five Year Plans, sale of goods organised by the public distribution sytem (PDS) through cooperatives and awareness of the public about the importance of cooperative stores. Non official agencies like National Consumers Cooperative Federation and National Cooperative Development Corporation have been able to obtain much assistance through various schemes to help the primary consumer stores. The progress made by these stores has been very significant especially during the past one decade. During 1979-80, there were 991 stores with a membership of 3,95,041, with a turnover of Rs. 1342.27 lakhs and sales to the tune of Rs. 2230.00 lakhs. These stores dealt with both controlled and non- controlled commodities. At the end of 1988-89 the paid up capital was Rs. 309.57 lakhs with a working capital of Rs. 653.48 lakhs.

As on 31-3-1990, there are 1109 primary consumer stores with a total membership of 5,92,083. The share capital as on that date is Rs.428.13 lakhs and working capital is Rs.649.01 lakhs. About 530 fair price shops were held by these stores and Government gave assistance during the year 1989-90 to the extent of Rs.117.42 lakhs. Upto 31.3.1990, the value of purchases was Rs.3012.10 lakhs and that of sale was Rs.4134.91 lakhs. Janata sarees were distributed for Rs.177.69 lakhs and text books and note books worth Rs.190.71 lakhs were sold upto that period.

Thus we can see that primary consumer co-operatives are able to make tremendous progress by reaching common man, even in tribal areas with the essential commodities like rice, wheat, pulses, sugar, kerosine oil, groundnut oil and other controlled and non-controlled commodities.

At the same time, there are some drawbacks in the system. First of all, the stores are not running on profits. As indicated in Table IV -13, losses continuously increased in many stores. Out of 1240 stores in 1986-87, 377 stores incurred loss to the extent of Rs 72.12 lakhs and 571 stores were without any profit at all. There were 556 stores in 1986-87 treated as dormant without any hope of revival.

Remaining 292 stores earned a profit of Rs. 31.89 lakhs. Whenever loss is continuously sustained by any stores, investigation should be made whether it is due to any one of the following reasons.

a) Increased overhead charges

b) Pilferage

c) Injudicious purchases

d) Unnecessary purchases leading to deterioration of stock

e) Inefficient management

f) Misappropriation /defalcation

g) Unncessary payment of interest due to increased borrowings

h) absencee of weekly inventory taking

i) dishonesty, disloyalty etc of the members

When a loss is noticed at the end of the year investigation at the high level should be made and persons responsible should be punished.

Some other Suggestions are:

i) Employees should be given encouragement

ii) Pension may be introduced to the employees as it is done in Maharashtra.

iii) Audit should be conducted periodically

iv) Mass involvement in the consumers'stores should be encouraged by wide publicity, education in cooperation through radio, T.V., magazines, news papers etc.

v) The desirability of reducing the existing three tier structure into two tier system has to be considered.

vi) The common man should be taught about consumer protection and about the evils created by private traders such as increased prices, artificial scarcity of commodities, adulteration of food stuff, substandard measurements and under weighing.

vii) Religious and political neutrality should be maintained.

viii) Periodical elections should be conducted so as to encourage people to elect candiates of their choice in a democratic manner.

ix) House hold women participation, involvement of youth, students of universities and colleges, consultation with various unions regarding the price structure and commodities desired etc will be very useful.

Chapter V

Primary consumers' cooperative Stores

— a case study of Yemmiganur Primary Cooperative Store Ltd

This study has been taken up with a with a view to ascertaining the financial working of the stores visa vis the cooperative principles.

This store was established in 1942 with an objective to purchase the necessaries of life for retailing to the members and to encourage thrift and self help. It commenced with a share capital of Rs.3720 ;soon the work progressed and in 1952-53, it earned a profit of Rs. 13,833 and in 1960-61 there was a profit of Rs.45,636. During 1973-74, the society earned a profit of Rs. 56,054. The working capital and share capital also considerably increased. In 1987-88, it had Rs.11,48,672 as working capital and Rs.12,640 as Share capital.

Compared to many primary stores, Yemmiganur Cooperative store has been functioning well. In view of the long history of the society, the membership of the society requires to be increased and consequently, the share capital also needs to be enhanced. A mass drive will be very essential in order to involve the entire population of the village and surrounding villages. Of late, the profits earned are not so much in comparison with the sales turnover of Rs.1,01,65,420 for 1987-88. The profit of Rs.18,450 represented only 17%. It has to be examined as to why reasonable profit is not earned by the Society. It may be due to payment of interest due to heavy borrowings, huge cost of management, injudicious purchases, pilferage or misappropriation/ defalcation.

CHAPTER VI

PUBLIC DISTRIBUTION SYSTEM

The public distribution system was launched with a social objective to reduce the overall cost and to reach maximum benefit and satisfaction to the public at large. For this purpose, a net work of fair price shops was established in urban and rural areas. Besides these shops, essential commodities are made available through consumer cooperatives. Thus the role of consumer cooperatives has become very important.

From 1960 onwards many steps were adopted by the Govt. of India. In 1964 an accelerated programme was introduced. The Fourth Five year plan, envisaged consolidation, strengthening and expansion of consumer stores for the distribution of essential commodities. The cooperatives have to purchase necessary equipment after receiving money from the Government. Through Centrally Sponsored Schemes, Govt. of Andhra Pradesh received financial assistance. The share capital money received from the Government was utilised as margin money for raising enough working capital from the Banks. Controlled and non-controlled items under PDS were identified and for both rural and urban areas assistance was received. NCDC is also doing a very valuable service by supplying the essential consumer goods.

In 1976, a scheme for promotion of consumers' business through village cooperatives on project lines was introduced. Up to 1985, 79 projects were sanctioned. Throughout Andhra Pradesh, the distribution of essential commodities is made fairly well through the consumer stores.

With all the success of the PDS through consumer stores, certain short comings in the system cannot be ignored. They are :-

(i) Supplies are irregular

(ii) there is an acute shortage of materials inspite of the best care taken by the Government.

(iii) Supply of sub standard materials

(iv) Lack of adequate supervision and inspection upon retail outlets.

(v) inadequate storage and transportation of materials.

(vi) PDS should be made a permanent structure and not a temporary measure.

Some suggestions worth consideration are :-

(a) a structural integration between wholesale and retail may be made by making a two tier system instead of present three tier system. This may result in economy.

(b) there should be a link between the marketing and processing cooperatives and consumer cooperatives.

(c) The quota of manufactured goods for supply to cooperatives should be strictly followed.

(d) Large buffer stocks of essential commodities should be built up through effective procurement to meet the requirment of consumers.

(e) Consumer cooperatives have to enter into fields of production directly or in collaboration with other cooperatives.

(f) private traders should be allowed to trade only in areas where co-operatives are not available.

(g) large number of customers are to be enrolled as members of consumer cooperatives

(h) fair price shops require encouragements by providing to them higher rate of commission, timely supply of commodities, low transportation charges, adequate working capital, supply of full quota sanctioned, correct weighment at warehouse supply point.

(i) Consumers' complaint may also be remedied by regular supply of commodities, adequate supply, standard quality, opening of shops in the vicinity of crowded localities, supply of unlimited number of commodities etc.

PART II

CHAPTER VII

Administration and Management

The organisational structure of the co-operatives can be studied under official and non-official. At official level, there are three heads - Ministry, Registrar and District Officers.

In Andhra Pradesh, the ministry is headed by the Minister of Civil Supplies and Co-operation. According to the Andhra Pradesh State Co-operative Act, 1964, the Registrar of Co-operative Societies is the head of the Department and he is assisted by Joint Registrars. At the district level, there is a District Co-operative Officer assisted by Deputy Co-operative Registrars, Sub-Registrars, Senior Inspectors, Junior Inspectors etc. As far as the Consumers' Co-operatives are concerned, the Registrar has delegated most of his functions to the Joint Registrars in charge of the consumer co-operatives. The Registrar nominates representatives on the Board of the consumer stores to see the interests of the Society and also to safeguard the Government finance.

In the category of non-officials, a four tier structure exists (1) The National Consumers' Co-operative Federation at National Level. (2) AP State Consumers' Co-operative Federation at State level. and (3) Wholesale stores at the district level and (4) primary stores in the taluk level.

At the national level, there are four units.

1. National Co-operative Union of India (NCUI)
2. National Co-operative Consumers Training (NCCT)
3. National Co-operative Consumer Federation (NCCF)
4. National Co-operative Development Corporation (NCDC)

The National Co-operative Union of India, formed in 1949 is to promote and develop the co-operative movement in India. The National Co-operative Consumers Training, formed in 1953 is in charge of training, research etc. NCCF, registered in 1965 renders technical guidance to members in grading, packing, standardisation, bulk buying, procuring etc. NCDC is concerned with the implementation of PDS, particularly for rural areas. Following suggestions are made.

1. It is suggested that periodical meetings between the concerned departments and co-operatives may be held to exchange views. This will co-ordinate the functions successfully at the departmental level.

2. It is better to gradually hand over the work to co-operative stores staff instead of co-operative departmental staff continuing to shoulder responsibilities of the stores. The consumer co-operatives should be allowed to have initiative by giving them free hand.

3. According to the present set up, the co-operatives do not have the effective functioning of managing committee and if a suitable machinery is evolved at the organisational level, the co-operatives will become strong and they will feel responsibility.

4. There should be a better co-ordination and integration within the marketing, credit and consumer co-operatives. It will ensure overall growth of co-operatives.

5. The co-operatives should be aware of the training facilities accorded by the National Co-operative Consumers Training.

CHAPTER VIII

Andhra Pradesh State Consumers' Cooperative Federation

This is a State level organisation established in 1966 to coordinate and facilitate the working of the affiliated consumer's central cooperative stores/ wholesale stores/ superbazars of Anthra Pradesh. They make bulk procurement of consumer goods from the manufactures and producers and supply them to the affiliated wholesale stores and societies within the state.

It began with 13 members and it increased to 58 members as on 31-1-1990. The sources of funds are entrance fee, share capital, borrowing, subsidy, grant, reserve and funds,profits and deposits.The general body is the supreme authority which consists of one representative each from 'A' grade member society and are from every district, selected out of 'B' grade affiliated societies along with nominated member of the state. The federation is dealing in

agricultural produce, food grains, mustard oil, vegetable oil, soap, match boxes etc.

From 1973-74 onwards, the APSCEF began to expand its work and purchases and sales for that year were Rs 309.57 lakhs and Rs 327-58 lakhs. In 1978-79 amounts of Rs 687.87 lakhs and Rs 579.74 lakhs were involved in the purchases and sales. There was decline during 1979-80 to 1982-83 and again the position improved after 1983-84. In 1984-85 purchases were made for Rs 917-20 lakhs and sales were for Rs 996.41 lakhs. During 1985-86 and 1986-87, the amounts of purchases and sales were Rs 2212.18 lakhs and Rs 2239.46 lakhs, Rs 2274.54 lakhs and Rs 2047.20 lakhs respectively. During 1987-88 the purchases were for Rs 1250-76 lakhs showing a slight decline in the business.

Eventhough the transactions' were very heavy, the federation did not earn profits proportionately. On the other hand, it incurred heavy losses during the years 1983-84 onwards as shown below.

	Rs.
1983-84	39.88 lakhs
1984-85	63.12 lakhs
1985-86	47.28 lakhs
1986-87	44.89 lakhs
Total	194.37 lakhs

APSCCF had the following balances for 1987-88.

	Rs.
Reserve Fund	27.66 lakhs
Working capital	160.39 lakhs
Share capital	49.11 lakhs
Borrowings	92.64 lakhs
State participation into share capital	44.54 lakhs
Borrowing from Govt	45.74 lakhs

The above details show that out of Rs 49.11 lakhs of share capital, the Govt participation was to the extent of Rs. 44.54 lakhs. So also, out of the total borrowings of Rs 92.64 lakhs, Govt's share was Rs.45.74 lakhs. Thus it can be seen that much reliance was placed on the Govt for the survival of the APSCCF.

Going by the working of the APSCCF, one cannot appreciate its financial standing. Too much reliance on the Govt. is not s happy position for a cooperative institution.

The losses incurred to such a great magnitude continuously should have attracted the serious attention of the management. For the four years from 1983-84 onwards, a total loss of Rs 194.37 lakhs was sustained by the

institution. As the major portion of the business emanated from the Govt; the matter was not perhaps, seriously considered by the authorities. As the Govt have a good share of paid up capital and the borrowings, the department of cooperation can also investigate into the losses. The reasons for the losses may be due to one or many of the following reasons:-

(i) excessive overhead charges

(ii) injudicious purchases

(iii) pilferage

(iv) excessive transportation and handling charges

(v) inefficient financial management,

(vi) misappropriation/defalcation

(vii) increased payment of interest due to excessive borrowings.

(viii) Diversion of money for ventures of unproductive purposes.

The APSCCF may have to seriously consider all these aspects and to see that heavy losses are checked as early as posible.

Chapter IX

Finance

The objectives of financial operations in cooperative societies are (a) to ensure economy and efficiency in the day to day operations and (b) to earn some reasonable and modest profits to keep their business running. Experience shows that many stores have been liquidated and many have been incurring losses for a long time. That is why, a well organised and efficient financial system is absolutely essential for the successful running of a store.

For an effective consumer store catering to the consumer needs of the society, finance has to be raised from the members. That was how the cooperative ideas were spread in the initial stages with the condition that the cooperatives should be capable of finding funds of their own without depending on external resources. That will enable the members to have dignity and confidence and help them to work with devotion and loyalty. When a major portion of the funds is raised from outside sources, members cannot understand the value of money and so they cannot be expected to work with faithfulness.

When Govt launched the PDS., the Cooperatives needed heavy amounts and Govt came forward with huge amounts in the

shape of central sponsored schemes, central sector schemes etc. Govt introduced scheme of loan and subsidy and thus there was a heavy flow of money from Govt. or from the banks through guarantee scheme. The result was that cooperatives began to rely more on the external resources and less on internal resources. This is not a healthy trend.

A study of the working of the consumer stores has revealed that even entrance fee did not fetch a substantial sum. For primary stores, the entrance fee is only 50 p. per member and this was fixed some three decades ago. There are 592083 members as on 31-3-90 under primary consumer stores. An amount of Rs 10 as entrance fee will bring Rs.59,20,830 whereas at 50 p. rate the amount will be Rs. 2,96041 only. So also, the share capital at present is Rs 5 to Rs 10/- per member. If the share capital is enhanced to Rs 100/, there will be a huge amount as paid up capital. So also, in the case of wholesale stores, the entrance fee and share capital per member require revision. It is desirable that the entrance fee and share capital amounts are fixed for the whole state of Andhra Pradesh in the A.P State cooperative Act, without leaving it to be decided by each store.

The finance of the cooperatives in Andhra pradesh is not very sound as could be seen from their reliance on the Govt. heavy borrowings, less profits, more losses, more stores

without profits more number of stores becoming dormant etc. From 1981-82 to 1986-87, a loss of about Rs. 13 crores was incurred in all three tiers. There is no evidence to show that in the event of more stores incurring losses and some stores going into liquidation, whether any substantial investigation is conducted in order to seek remedial measures.

Chapter X

Financial Management

The objective of the financial management is to see that the credibility of the undertaking is maintained in such a way that the organisation is saved from insolvency and any financial crisis. Thus, the financial manager has a great responsibility.

He should have dynamism; should be capable of ensuring economy and efficiency. For this , financial planning is very essential, secondly, cooperative stores instead of buying from the markets should also think in terms of production. An efficient financial management only can do this. That means, management of assets, and liabilities. In the field of management of assets he has to see the difference between the sales and estimated expenses and thus arrive at the working capital. He should see that the avoidable and unnecessary exenditure is minimised.

In this case of liabilities, the management has to see whether adequate share capital is available, whether requisite percentage of profit is carried to reserve funds, whether borrowings are essential etc. The share capital raised from the members normally forms bulk of the working capital. The financial management should see the quantum of share capital to be raised and how and when amount should be borrowed.

A return on the capital in consumer goods should be ensured and a reasonable dividend on the capital has to be invested in profitable channels.

In Andhra Pradesh, no dividends are being paid because, profits are not earned in many whole sale and primary consumer stores. If there is no profit, the stores will eat away the capital and afterwards they will go into liquidation.

Budgetary and inventory control is also another responsibility of the financial management. If proper control of stock is maintained by periodical inventry taking, leakage, pilferage etc, can be arrested.

Expenses relating to costs for selling, and distribution such as establishment, management of sales,salary, wages, rent, etc, have to be calculated and

actual profit should be worked out. Month by month, details should be extracted and checked as to see the appropriate profits on the sales. All such principles have to be strictly adhered to for the successful running of the store.

In Andhra Pradesh, the consumer stores are not running properly, for eg, out of 1240 primary stores in 1986-87, 292 were running on profit of Rs 31 lakhs whereas 377 were having a loss of Rs. 72 lakhs and remaining 571 were without any profits. 556 stores are already declared dormant.

In the case of whole sale stores also out of 31 stores, 24 incurred losses to the extent of Rs. 1 crore 30 lakhs and remaining 7 stores earned a profit of Rs 8 lakhs.

The APSCCF also sustained a loss of Rs 45 lakhs during 1986-87.

The financial management of cooperative consumer stores requires considerable degree of efficiency, integrity and alertness. Reasons for the losses are to be analysed and remedial measures should be taken. The following suggestions are given for the immediate action.

It should be investigated whether there was

(i) injudicious purchase

(ii) unnecessary payment of interest

(iii) pilferage of commodities

(iv) periodical inventory

(v) misappropriation/defalcation

(vi) loss of materials in transit

(vii) dishonesty of members

(viii) inefficiency of financial management

(ix) interference by political personalities.

Chapter XI

Personnel Management

Unlike financial management, in this chapter, the human relationship within an organisation is outlined. Important functions' like man power planning, staffing, recruitment selection, induction, training , promotion, incentives, wages, salary, allowances etc are dealt with.

In Andhra pradesh not much emphasis has been laid on matters referred to above. Even the AP, cooperative societies Act, 1964 is silent on these matters. Govt has to consider the need for incorporating a common cadre for different types of cooperatives in the statutory provisions showing the posts, manner of recruitment, conditions of employment etc,

For consumer cooperation, training institutions have not given much emphasis. The training colleges are few, duration of training is short and emphasis, on such subjects of consumers' cooperation is much less. The employees of such stores have different grievances and the management should know their problems, hear the grievances, and take sympathetic action. There should be good relationship between their unions and the management. Staff councils should be constituted through which the staff could present their grievances.

CHAPTER XII

AUDIT

In Co-operative audit, it is seen that correctness of accounts and the extent to which the activities of the society are useful in promoting the economic welfare of its members are ensured. It will be also seen in audit whether the performance of the co-operatives is improved and the interests of the members are safeguarded.

In Andhra Pradesh, the audit is entrusted to the Chief Auditor who is the Additional Registrar of Co-operative societies. In respect of each district, there is a Deputy Registrar/District Co-operative Audit Officer. Under the DCAO, there is a co-operative Sub-Registrar(Audit) under whom Two Senior Inspectors(Audit)work. As far as the audit

of the wholesale stores or Primary consumer's store is concerned, the DCAO is responsible.

When a society is due for audit, the Department drafts a programme for audit, allots that society to an auditor according to the work load. There is no prescribed load fixed by the Department.

The auditor, after completion of the audit, prepares an Audit Report and furnishes it to his higher officer who scrutinises its correction and if he is satisfied, he will issue a certificate on its correctness.The Audit Report with the certificate will then be sent to the concerned society and the administrative officer over it for its rectification of defects, if any, pointed out in the Audit Report. The society should rectify the defects and send the rectification report to the concerned administrative officer.

If cases of fraud, misapropriation/defalcation are detected, the auditor sends a special report on which a statutory enquiry will be ordered by the administrative officer. The progress of audit is watched by the audit wing in the office of the Registrar of Co-operative Societies at Hyderabad.

As per Rule 46 of Andhra Pradesh Co-operative Societies Rules,1964, every society shall pay audit fee as prescribed therein.

The audit is in arrears due to various reasons such as non-completion of acounts, non-production of accounts, etc. The remarks of audit should be complied with by the consumer stores as early as possible. At present, no norm is prescribed by the Government as to who should audit the different grades of societies. The efficiency of audit will make the consumer's stores efficient and any relaxation made by audit will bring much damage to the image of the consumer stores.

Internal audit is not at present very systematically introduced in the larger societies. There should be maximum co-operation between officers of the Co-operative Department and the auditors of the audit wing. There is much delay in completion of audit even after the production of records. This is, perhaps, due to shortage of staff in the audit wing.

CHAPTER XIII

CUSTOMER SERVICE

Services rendered to the customers decide the success of the consumer stores. Sales oriented approach has to be adopted instead of merely being busy with distribution of

commodities. In Andhra Pradesh, the consumer stores lack modernity and appeal to the customers and a drastic improvement is warranted such as choosing a lay out, location, fixtures etc.

Even modern salesmanship is also not much knwon to the stores. There are two kinds of salesmanship-silent and spoken. Attractive shop fronts, window display, arrangements of goods,etc form silent salesmanship. Spoken salesmanship refers to personal qualities such as pleasing manners, ability to explain about the quality of goods etc.

Sales Manager also is another important person in the Store exerting a vital influence in the sales. His experience in marketing and merchandising activities will be of much use in boosting the business. Other attractions to customers are co-operative symbol, uniformity of the appearance of shops, pre-packing, price marking, etc.

Apart from these, planned sale, advertising, publicity, incentives to salesmen, assortment of goods, modern self service system, knowledge of customer's taste and fashion etc are some other additional factors increasing the sales.

In Andhra Pradesh, some of the wholesales are run by the Government executives. It is desirable to entrust the

post of executive to outsiders who are men of initiative, efficiency and integrity.

Customer's behavier and buying motives are to be watched diligently to assess the prospects of sale in the consumer stores.

Other encouraging means by which customers are attracted to purchase goods are voluntary customers service, consumers' emergency shopping centres and mobile sale service and door delivery system.

These are some of the methods which can be employed in Andhra Pradesh consumer cooperative stores.

'How to kill a Cooperative' ? is the caption under which the tragic story of the liquidation of the consumers' cooperative society of Berkely ;in United States was narrated by one of its members. In his wordss ,"CCB (Consumers' cooperative society of Berkely) was unintentionally killed through a mixture of miscalculation policy errors, and personality clashes,most of which reflected a violation of the cooperative principles".

" In 1962, a key decision was taken in secret by the board of directors, a violation of the democratic control

principle. The CCB brought out a larger of chain of grocery stores, thereby biting off more than it could chew. This was repeated in 1974 with another chain ... For years, the board of directors was dominated by different factions, reflecting Berkely City politics. This violated the "principle of political neutrality". Business concerns clashed with social concerns.... When it was closed in 1988, it owed 6 million dollars to its creditors" [1]

Integrity, honesty, mutual confidence, service, sacrifice etc are the vital elements for the successful running of consumer cooperative stores.

" The cooperative movement is a symbol of hope to the down trodden and embodies self help and mutual aid among its votaries producing a sense of self respect and brotherhood amongst them.... Cooperation represents a new spirit and a spirit of self reliance and of group action. It is prompted by a desire to do service to one's fellow beings and " each for all and all for each" is the motto which it adopts and which emphasises the moral basis of the movement". [2]

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ABBREVIATIONS

A.P	-	Andhra Pradesh
APSCCF	-	Andhra Pradesh State Consumer's Cooperative Federation,Ltd.
CSS	-	Centrally Sponsored Schemes
ICA	-	International Cooperative Alliance
J&K	-	Jammu and Kashmir
NCDWB	-	National Cooperative Development and Warehousing Board.
NCDC	-	National Cooperative Development Council
NCCF	-	National Consumer's Cooperative Federation Ltd.
NCUI	-	National Cooperative Union of India
NAFED	-	National Agricultural Marketing Federation
PDS	-	Public Distribution System
STC	-	State Trading Corporation of India
U.T	-	Union Territory
VM	-	Vaikunnth Mehta

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ANNEXURE I

Names of Institutions visited as referred to in Preface

1. Visakhapatnam Cooperative Central Stores Ltd.
2. Vijayanagaram Cooperative Centreal Stores Ltd.
3. University Consumers' Cooperative Central Stores Ltd.,Waltair
4. Vijayawada Cooperative Central Stores Ltd.
5. Ongole Cooperative Central Stores Ltd.
6. Kalpavalli Cooperative Central Stores Ltd.
7. Adoni Cooperative Central Stores Ltd.
8. Kalpalatha Cooperative Central Stores Ltd., Kurnool
9. Anantapur Cooperative Central Stores Ltd.
10. Proddatur Cooperative Central Stores Ltd.
11. Hyderabad Cooperative Central Trading Society Ltd.
12. Osmania University wholesale Cooperative Stores Ltd.
13. Khammam Cooperative Central Consumer Stores Ltd.
14. Mahboobnagar Cooperative Central Stores Ltd.
15. Adilabad Consumers Cooperative Stores Ltd.
16. Nizamabad Cooperative Central Consumers' Stores Ltd.
17. Chirala Consumers' Cooperative Stores Ltd.
18. Guntakal Cooperative Central Stores Ltd.
19. Kalpavalli Cooperative Stores Ltd., Guntur
20. Lakshmi Super Bazar, Himayatnagar, Hyderabad
21. Departmental Stores, Kakinada
22. The Singareni Collieries Cooperative Central Stores, Godavarikharu
23. Nellore Central Cooperative Consumers's Stores Ltd., Nellore
24. Srikakulam Consumers' Cooperative Central Stores.

RESEARCH SURVEY

GENERAL INFORMATION

Annexure II (Referred to in the Acknowledgements)

1. Full name and postal address of the sociey:.....

2. Date of the Registration of the society:.....

3. Area of operation:.....

4. Has the society been sanctioned :.....

Assistance for purchase of Furniture and Fixtures

	YES		NO

a) If yes, please Indicate the amount received :.....

b) Whether the shop has been furnished :.....

Secretary/Accountant .....

Salesmen:- .....

Others:- .....

6. Has the society got its own,

premises for consumer business.

	YES		NO

A N N E X U R E :III

(Size of co-operation)

Particulars		Ans
PRIMARY STORE		
A. Form of co-operative store - primary	( )	
Wholesale	( )	
Federation	( )	
Super Bazar	( )	
Others	( )	
B. Nature of Business village store	( )	
Wage salary earner	( )	
College store	( )	
Controlled Articles	( )	
Non-controlled Articles	( )	
C. Members Interest Much more Interest	( )	
Less Interest	( )	
No Interest	( )	
WHOLESALE STORE		
G. Working of wholesale store -		
Wholesale purchase	( )	
Manufacturring	( )	
Grading	( )	
distribution	( )	

	Particulars	Ans
	Food Grains	( )
	Necessities	( )
H)	Do you think Government policy justified	( )
	Not justified	( )
I)	Do you get advantage of large scale Business	( )
J)	Do you think your Institution Financial fund	( )
K)	Your store is capable of grading work	( )
	Not capable of grading work	( )
L)	Your store only deals in high standard articles	( )
	All type of articles	( )
M)	Store is working properly	( )
	Not running smoothly	( )

A N N E X U R E IV

(Member ship and working in the store)

PRIMARY STORE

1. Membership fee of the store ( )
2. Total number of membership ( )
3. New members enrolled during the year 1979-86 ( )
4. Total working capital of the store :

YEAR 1977-78 ( )
1978-79 ( )
1979-80 ( )
1980-81 ( )
1981-82 ( )
1982-83 ( )
1983-84 ( )
1984-85 ( )
1985-86 ( )
1986-87 ( )
1987-88 ( )
1988-89 ( )

5. Total paid up share capital of the store :

YEAR 1977-78 ( )
1978-79 ( )
1979-80 ( )

1980-81 ( )

1981-82 ( )

1982-83 ( )

1983-84 ( )

1984-85 ( )

1985-86 ( )

1986-87 ( )

1987-88 ( )

1988-89 ( )

6. Annual purchasedby the store:

year 1977-78 ( )

1978-79 ( )

1979-80 ( )

1980-81 ( )

1981-82 ( )

1982-83 ( )

1983-84 ( )

1984-85 ( )

1985-86 ( )

1986-87 ( )

1987-88 ( )

1988-89 ( )

7. Annual Turnover of the store : year 1977-78 ( )

1978-79 ( )

1979-80 ( )

1980-81 ( )

1981-82 ( )

1982-83 ( )

1983-84 ( )

1984-85 ( )

1985-86 ( )

1986-87 ( )

1987-88 ( )

1988-89 ( )

8. Total profit (+) or loss (-)

YEAR 1977-78 ( )

1978-79 ( )

1979-80 ( )

1980-81 ( )

1981-82 ( )

1982-83 ( )

1983-84 ( )

1984-85 ( )

1985-86 ( )

1986-87 ( )

1987-88 ( )

1988-89 ( )

Particulars		Ans
9. Total management expenses of the year :	YEAR 1977-78	( )
	1978-79	( )
	1979-80	( )
	1980-81	( )
	1981-82	( )
	1982-83	( )
	1983-84	( )
	1984-85	( )
	1985-86	( )
	1986-87	( )
	1987-88	( )
	1988-89	( )
10. What should be the minimum working capital of your store		( )
11. What should be the minimum paid up capital of your store		( )

WHOLESALE STORE/CENTER/REGIONAL/APEX

1.Membership fee of the store	Rs	( )
primary store		( )
Individual member		( )
A.P. Government		( )
Others		( )

2.Total membership of the store

Individual No ( )

Primary store ( )

Government ( )

Other Institutions ( )

3.New member added during the year 1983-84

Individual ( )

primary store ( )

Government ( )

Other institution ( )

4.Total working capital of the stores

YEAR 1977-78 ( )

1978-79 ( )

1979-80 ( )

1980-81 ( )

1981-82 ( )

1982-83 ( )

1983-84 ( )

1984-85 ( )

1985-86 ( )

1986-87 ( )

1987-88 ( )

1988-89 ( )

5.Total share capital of the stores

77-78 78-79 79-80 80-81 81-82 82-83 83-84 84-85 85-86 86-87 87-88 88-89

Individual

Primary stores

Government

Other societies

6.Annual purchase

7.Annual Turnover

8.Annual profit (+) (-)

9.In your opinion what should be the amount
of share paidup capital Rs. ( )

of working capital ( )

Management Expenses ( )

ANNEXURE 'V'

WORK FORCE

Total No. of workers			Classification of Workers at Present			Workers Employess		
Beginning	Present	Total	skilled	semi-skilled	Un-skilled	Officer	Worker	Total

ANNEXURE -VI

Utilisation of net profits for labour Welfare Activities for last 5 years

Years	Amount of Net profit	Bonus given to Workers	Except Bonus amount of profit Utilisation for Labour Welfare Scheme other than Bonus
	Rs	Rs	Rs

ANNEXURE VII

MANAGEMENT

Total number of directors on the board of Management	No. of directors representing Govt.	No. of directors Representing members	No. of directors Representing Workers

ANNEXURE VIII

GENERAL :

1977-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88	88-89

1.Loan taken from Banks

2.Loan taken from Government

In your opinion it can help the managment or not.....

3.Control and Administration :

(a) During the year General Meeting held ...

(b) During the year Board Meeting held .....

(c) Detail of any other Meetings .....

4. Do you think Satisfactory:

(a) Policy of unsold stock .....

(b) Sale of blocked stock .....

(c) Ware Housing Policy .....

(d) Accounting system .....

(e) Proper Maintenance of Register .....

A N N E X U R E : IX

Control Audit Inspection and Supervision

A. Does the Store Exercise Control over Cash ?

B. What are the arrangements for the safe custody of cash ?

C. Has any cash holding limit been prescribed ?

D. Is cash in hand as well as cash in Transit covered by Insurance ?

E. The name of the Banks and Nature of Accounts maintained with them.

F. Are the Cheque Books kept under lock and key ?

G. Has the Institution maintained any Cheque Issue register for Controlling the Issues of Cheques ?

H. Is there are Certificate confirming the balance obtained from the Banker's periodically ?

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